

(26,781)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1918.

No. 695.

PRODUCERS TRANSPORTATION COMPANY, PLAINTIFF
IN ERROR,

vs.

THE RAILROAD COMMISSION OF THE STATE OF
CALIFORNIA ET AL.

IN ERROR TO THE SUPREME COURT OF THE STATE OF
CALIFORNIA.

INDEX.

	Original.	Print
Clerk's certificate	1	1
Stipulation concerning record on appeal.....	1½	2
Petition for writ of review.....	7	6
Order allowing writ of review.....	21	15
Writ of review.....	25	16
Return to writ of review.....	28	18
Proceedings before the Railroad Commission of the State of California	31	19
Order for investigation.....	31	19
Notice on order to show cause.....	37	22
Supplemental order	40	24
Amended appearance and statement of Producers Transpor- tation Co.	43	25
Exhibit A—Agreement between Southern Pacific Com- pany and Producers Transportation Co., December 1, 1909, with diagram.....	57	34

	Original. Print	
Exhibit B—Agreement between Southern Pacific Co. and Producers Transportation Co., September 26, 1912, with diagram.....	61	37
C—Lease between Southern Pacific Co. and Producers Transportation Co., October 8, 1913, with diagram.....	65	40
Exhibit A—Oil-lands lease blank.....	71	44
B—Agreement, Independent Oil Producers Agency and Morshend, June 11, 1909, &c.....	75	50
C—Agreement between Coalinga Oil Producers Agency and Union Oil Company, June 24, 1909	88	57
D—Certified copy of articles of incorporation of Producers Transportation Co.....	116	74
E—By-laws of Producers Transportation Co.....	125	80
F—Resolution adopted by Producers Transportation Co. June 15, 1909.....	143	90
G—Trust indenture, Producers Transportation Co. and Los Angeles Trust Co., July 1, 1909....	149	92
H—Circular letter to stockholders of Union Oil Co. <i>et al.</i> by Kellogg, secretary, July 1, 1909	193	129
I—Diagram showing general location of pipe lines of Producers Transportation Co.....	196	130
J—Ordinance, No. 158, granting to Producers Transportation Co. a franchise to construct, &c., pipe lines, &c.....	197	131
K—Ordinance granting Producers Oil Co. a franchise to construct, &c., pipe lines, &c., passed September 10, 1909.....	204	134
L—Application of Producers Transportation Co. to Supervisors of San Luis Obispo for pipe-line franchise, July 12, 1909.....	210	137
M—Letter, Producers Transportation Co. to Trustees of San Luis Obispo, July 19, 1909..	213	139
N—Oil-lands lease blank.....	216	140
O—California oil statistics for July, 1913.....	219	146
P—Statistical review for first half of 1913.....	277	256
Q—Statements of oil loss, &c., in pipe lines.....	306	307
R—Report of Producers Transportation Co. to Railroad Commission of California, April 15, 1913	312	309
Consumers' Exhibit 1—Certified copies of complaint, findings of fact and conclusions of law, and judgment in case of Producers Transportation Co. <i>vs.</i> Marre, in Superior Court of San Luis Obispo County, California.....	318	313
Consumers' Exhibit 2—Annual report of Producers Transportation Co., February 21, 1913.....	332	322
Return and answer of the Independent Oil Producers Agency to order to show cause.....	335	324
Exhibit 1—List of members of Independent Oil Producers Agency, &c.	344	329

INDEX.

iii

Exhibit		Original.	Print
2—Articles of incorporation of Independent Oil Producers Agency.....	349	332	
3—By-laws of Independent Oil Producers Agency	354	337	
4—Option blank.....	368	344	
5—Sale-contract blank.....	370	346	
6—Resolution blank.....	378	350	
Sale-contract blank.....	379	350	
7—Agreement between Independent Oil Producers Agency and Morshead, June 11, 1909	384	354	
8—Contract for pipage and transportation of oil, &c., blank.....	397	361	
List of companies signing contracts with St. Clair <i>et al.</i>	410	369	
9—Agreement blank	415	371	
List of companies signing contracts with Producers Transportation Co.....	418	377	
10—Resolution adopted by Coalinga Oil Producers Agency.....	421	378	
11—Agreement between Coalinga Oil Producers Agency <i>et al.</i> and Union Oil Co., June 24, 1909.....	425	380	
12—Letter and sales contract between California Coalinga Oil Co. and Union Oil Co., December 30, 1909.....	452	398	
13—Agreement between Nevada Petroleum Co. and Union Oil Co., February 17, 1910..	459	403	
14—Letter, St. Clair to Doheny, April 20, 1910	464	406	
15—Agreement between American Oil Fields Co. and Union Oil Co., May 19, 1910....	466	407	
16—Excerpt from minutes of board of directors of the Independent Oil Producers Agency, April 15, 1910.....	471	410	
17—Agreement between Union Oil Co. and Independent Oil Producers Agency.....	473	411	
18—Excerpt from minutes, directors of Independent Oil Producers Agency, May 27, 1910	476	413	
19—Contract letter, Independent Oil Producers Agency to Associated Oil Co., September 27, 1910.....	478	413	
20—Agreement between Independent Oil Producers Agency and Associated Oil Co., September 27, 1910.....	484	417	
21—Letter, Union Oil Co. to Independent Oil Producers Agency, September 27, 1910..	489	421	
22—Letter of Stewart to St. Clair and resolution adopted by directors of Independent Oil Producers Agency.....	493	423	

	Original.	Print
Exhibit 23—Agreement between Independent Oil Producers Agency and Union Oil Co., April 1, 1912	496	424
Participation certificate, Independent Oil Producers Agency	502	430
24—Agreement between Independent Oil Producers Agency and Union Oil Co., April 1, 1912	504	431
25—Letter, Union Oil Co. to St. Clair, December 27, 1912	509	433
Testimony of L. P. St. Clair.....	511	434
Testimony of E. W. Clark.....	634	505
Colloquy between commissioner and counsel.....	653	517
Testimony of H. H. Welsh.....	655	518
Stanley W. Morsehead.....	694	545
Thomas A. O'Donnell.....	702	550
M. L. Requa.....	710	555
Colloquy between commissioner and counsel.....	721	561
Testimony of W. L. Stewart.....	725	565
Testimony of L. P. St. Clair (resumed).....	748	579
Opinion	750	580
Order to file schedule of rates, &c.....	779	601
Application for rehearing.....	782	602
Opinion on application for rehearing.....	814	618
Order on application for rehearing.....	816	620
Opinion, Shaw, J.....	820	621
Petition for rehearing.....	829	626
Order denying petition for rehearing.....	877	647
Petition for a writ of error.....	879	648
Allowance of writ of error.....	902	661
Assignment of errors.....	906	663
Writ of error.....	911	665
Citation and service.....	914	667
Bond on writ of error.....	918	669
Order allowing writ of error.....	922	671
Stipulation concerning record on appeal.....	925	672
Judgment	931	676

1 In the Supreme Court of the State of California.

L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner
(Plaintiff in Error),

VS.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELEN, H. D. Loveland, Edwin O. Edgerton, Alex Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents (Defendants
in Error).

On Appeal to the Supreme Court of United States on Writ of Error.

*Certificate of Clerk of Supreme Court of California to Record on
Appeal.*

SUPREME COURT,
State of California, ss:

I, B. Grant Taylor, Clerk of the Supreme Court of the State of California, do hereby certify that the annexed documents, comprising the record on appeal in the above entitled action,—and being and comprising all of the documents specified in the stipulation of the attorneys for the respective parties as constituting the record on appeal in said action, which said stipulation is dated August 8, 1918, (a true copy of which stipulation is hereto attached for reference) excepting remittitur which will follow—are respectively full, true and correct copies of the respective originals of said documents on file in my office in said case No. L. A. 4230 entitled as above.

In witness whereof I have hereunto set my hand and affixed the Seal of said Supreme Court this 1st day of October, 1918.

[Seal Supreme Court of California.]

B. GRANT TAYLOR, *Clerk*,
By M. C. VAN ALLEN,
Deputy Clerk.

1½ In the Supreme Court of the State of California.

L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner
(Plaintiff in Error),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELEN, H. D. Loveland, Edwin O. Edgerton, Alex Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents (Defendants
in Error).

On Appeal to the Supreme Court of United States on Writ of Error

Stipulation Concerning Record on Appeal.

It is hereby stipulated, by and between the attorneys for respective parties hereto, that the following documents shall constitute the entire record on appeal of the above entitled case to the United States Supreme Court, to-wit:

1. Petition of Producers Transportation Company to the Supreme Court of the State of California for Writ of Review;

2. Order of Supreme Court, dated April 12, 1915, granting writ of review;

3. Writ of review issued April 12, 1915;

4. Return to writ of review filed April 21, 1915, and record of Railroad Commission on review, as follows:

(a) Order of the Railroad Commission made August 11, 1913, instituting Case No. 450, together with notice to Producers Transportation Company attached thereto;

(b) Supplemental order of Railroad Commission made August 19, 1913, together with notice to Independent Oil Producers Agency;

(c) Amended appearance and statement of Producers Transportation Company, verified September 19, 1914, together with attached three agreements between Southern Pacific Company and Producers Transportation Company, dated respectively December 1, 1909, September 26, 1912, and October 8, 1913;

(d) Exhibits of Producers Transportation Company lettered "A" to "Q" inclusive, together with report of Producers Transportation Company to Railroad Commission, dated April 15, 1913, in the matter of schedule of rates; said Exhibits are more particularly described as follows:

Exhibit "A."

Original pipe line agreement between unnamed producer and St. Clair, Welsh, Morshead and McQuigg, being a blank printed form;

Exhibit "B."

Pipe line agreement between Independent Oil Producers Agency and Morshead;

Exhibit "C."

Marketing contract between the Agencies and Union Oil Company of California, being a printed booklet;

Exhibit "D."

Articles of Incorporation of Producers Transportation Company;

Exhibit "E."

By-laws of Producers Transportation Company;

Exhibit "F."

Offer from Union Oil Company and Morshead and St. Clair to Producers Transportation Company;

Exhibit "G."

Producers Transportation Company deed of trust, being a printed booklet;

Exhibit "H."

Offer of Union Oil Company to stockholders of Union Oil Company, United Petroleum Company and Union Provident Company to sell stock and bonds of Producers Transportation Company, being a printed circular letter;

Exhibit "I."

Blue print map showing pipe lines of Producers Transportation Company;

Exhibit "J."

3 Franchise in favor of Producers Transportation Company for construction and operation of pipe lines in the City of San Luis Obispo;

Exhibit "K."

Franchise in favor of Producers Transportation Company for construction and operation of pipe lines in the County of San Luis Obispo;

Exhibit "L."

Petition addressed to Board of Supervisors of San Luis Obispo County for franchises along county roads;

Exhibit "M."

Petition addressed to Board of Trustees of City of San Luis Obispo for franchises along streets in City of San Luis Obispo;

Exhibit "N."

Pipe line contract between unnamed oil producer and Producers Transportation Company, being a blank printed form;

Exhibit "O."

California oil statistics for July, 1913;

Exhibit "P."

Statistical review for first half of year 1913 prepared by Independent Oil Producers Agency;

Exhibit "Q."

Statement showing movement of light oil through pipe lines and effect on gravity.

(e) Consumers' Exhibits Nos. 1 and 2, more particularly described as follows:

Consumers' Exhibit No. 1.

Copy of complaint, findings of fact and conclusions of law and judgment, in action in Superior Court of San Luis Obispo County, entitled "Producers Transportation Company v. Gaspar O. Marre, et al."

Consumers' Exhibit No. 2.

Annual report of Producers Transportation Company to stockholders, dated February 21, 1913, being a printed circular letter;

(f) Return and answer of Independent Oil Producers Agency filed September 16, 1913, together with Exhibits Nos. 1 to 25 inclusive, bound with return and answer, in book form.

4 (g) Extracts from transcript of testimony as follows:
' Pages 30-66 inclusive, testimony of L. P. St. Clair on behalf of Independent Oil Producers Agency;

Pages 145-382, inclusive, witnesses for Producers Transportation Company;

Pages 382-411, inclusive, witnesses for Union Oil Company of California;

5. Opinion and order of the Railroad Commission dated December 31, 1914;

6. Petition of Producers Transportation Company for re-hearing before Railroad Commission, filed January 22, 1915;

7. Order of Railroad Commission dated March 18, 1915, denying application for rehearing;

8. Decision of Supreme Court rendered November 17, 1917;

9. Application and petition of Producers Transportation Company for rehearing before Supreme Court; being a printed petition, filed December, 1917;

10. Order of Supreme Court denying petition of Producers Transportation Company for rehearing, dated December 17, 1917;

11. Remittitur, omitting copy of decision attached thereto.

12. Petition for writ of error and stipulation amending same, and all other papers on application for Writ of Error, to the United States Supreme Court.

It is further stipulated, by and between the parties hereto, that Exhibits "O" and "P," being Statistical review for first half of year 1913 and California oil statistics for July, 1913, may, with the permission of the court on ex parte application therefor by the plaintiff in error, be withdrawn from said record at any time after the same has been incorporated in the printed record, and that this provision shall also apply to any other exhibits filed by Producers Transportation Company, and also to the return and answer filed by the Independent Oil Producers Agency.

5 It is further stipulated that the record comprising the documents above enumerated when made up by the Clerk of the Supreme Court of California shall be forwarded to the Clerk of the Supreme Court of the United States at Washington, D. C. for filing and printing.

Dated August 8, 1918.

ANDREWS, TOLAND & ANDREWS,
LEWIS W. ANDREWS,
THOMAS O. TOLAND,
A. V. ANDREWS, AND
PAUL M. GREGG,

Attorneys for Plaintiff in Error.

DOUGLAS BROOKMAN,

Attorney for Defendants in Error.

6 [Endorsed:] On appeal to Supreme Court of United States. L. A. No. 4230. In the Supreme Court of the State of California. Producers Transportation Company, a corporation, Petitioner and Plaintiff in Error, vs. The Railroad Commission of State of California, et al., Respondent and Defendant in Error. Certificate of Clerk of Supreme Court of California to record on appeal. Paul M. Gregg and Andrews, Toland & Andrews, 916 Union Oil Bldg., Los Angeles, Attorneys for plaintiff in error.

In the Supreme Court of the State of California.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX THELEN, H. D. Loveland, Edwin O. Edgerton, Alex. Gordon and Frank R. Devlin, as Members of and Constituting Said Railroad Commission of the State of California, Respondents.

Petition for Writ of Review.

Comes now Producers Transportation Company, petitioner herein, and presents this, its verified petition for Writ of Review, and in that behalf alleges as follows:

I.

That your petitioner is a corporation duly organized and existing under the laws of the State of California, and having powers ample therefor, and owning and operating an oil pipe line system running from the respective oil fields in Kern and Fresno Counties,—in the San Joaquin Valley,—California,—over the mountains to a point on the Bay of San Luis Obispo, at or near Port San Luis, in the County of San Luis Obispo, California; that your petitioner was incorporated, its bonded indebtedness of \$3,500,000.00 created, and its entire business financed, and its pipe line system constructed and completed and subsequently operated, all in accordance with and pursuant to contracts in that behalf, entered into by Independent Oil Producers Agency and Coalinga Oil Producers Agency, and the members of said Agencies, in the year 1909, whereby said Agency members, upwards of one hundred in number, and who were respectively corporations and individuals owning and operating oil producing territories in the various San Joaquin Valley oil fields, obligated themselves to transport all of their fuel oil produced from their respective territories and said Agencies became obligated to transport all oil owned or handled by them, for the period of ten years from February 1, 1910, through the pipe line system of your petitioner at the prices and under the terms, regulations and conditions as in said respective contracts set forth, and upon acceptance of said contracts your petitioner became obligated to transport and handle the said oil of said oil producers and said Agencies at the price, under the terms, regulations and conditions and for the period of ten years as by said contracts provided; that the oil handled,—and which, under and pursuant to said respective contracts, will be required to be handled,—by your petitioner under said contracts, demands, and will demand, the use of the entire capacity of said pipe lines a large portion of the time and the major portion of the capacity of said pipe line at all times; all of which facts are more elaborately

or particularly stated and set forth in Appearance and Amended Appearance and Statement of Producers Transportation Company filed in case No. 450 before the Railroad Commission of the State of California, entitled, "In the matter of the compliance of Oil Pipe Lines with the provisions of Chapter 327 of the Laws of 1913, declaring certain corporations, associations and individuals to be common carriers and public utilities subject to the provisions of the Public Utilities Act," and which appearance and Amended Appearance constitute a part of the record in said case hereby petitioned to be certified to this Honorable Court for review, and the same are therefore hereby referred to and all and singular the allegations thereof are, by reference, made portions hereof.

9

II.

That by said Amended Appearance and Statement of this petitioner it further appears,—and petitioner now states,—“that this” petitioner “has not at any time, neither does it now use its pipe lines or any part thereof for the transportation of crude oil or petroleum or the products thereof either directly or indirectly to or for the public for hire or otherwise”; “that commencing with the operation for the year 1910” (being the time when said pipe line system was ready for use) “said pipe line system has been engaged in and devoted exclusively to the transportation of oil from the respective oil fields in Kern and Fresno Counties in San Joaquin Valley, California, which said oil was owned and/or in the custody or control of said Independent Oil Producers Agency and of said Coalinga Oil Producers Agency * * * and has been transported by this” petitioner “at the prices, on the terms and under the regulations and conditions as set forth and provided in” said contracts; “and that said contracts respectively are still in full force and effect.”

III.

That on or about the 11th day of August, 1913,—on its own motion,—the Honorable Railroad Commission of the State of California made its “Order for Investigation” in said case entitled, “Before the Railroad Commission of the State of California, Case No. 450, In the Matter of the Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the laws of 1913, Declaring Certain Corporations, associations and individuals to be Common Carriers and Public Utilities, subject to the Provisions of the Public Utilities Act,” wherein and whereby this petitioner,—together with numerous others,—was cited and required to appear before the Railroad Commission at its office in the City of San Francisco, State of California, on Thursday, the 4th day of September, 1913, to show cause why the Railroad

Commission should not make its order requiring it to file
10 with said Commission schedules of its rates and charges for the transportation of crude oil and petroleum or the products thereof, and its rules and regulations in connection with such transportation “and otherwise to comply fully with said Chapter 327 of

the Laws of 1913"; in connection with and supplemental to such order, and on or about the 11th day of August, 1913, the Honorable Railroad Commission, through its Secretary, also served upon this petitioner "Notice on Order to show cause" entitled in the above entitled case No. 450, notifying and citing this petitioner to appear before the State Railroad Commission at the time and place and for the purpose hereinabove set forth, and also requiring this petitioner to present evidence on certain specific points in said "Notice on order to Show Cause" set forth; which said "order for Investigation" and said "Notice on Order to Show Cause" form a part of the record in said case hereby petitioned to be certified to this Honorable Court for Review. That in compliance with said "Order for Investigation" and citation and notice on order to show cause, your petitioner,—without waiving, but on the contrary urging objection to the power and jurisdiction of the Honorable Railroad Commission to investigate, hear or determine any question of law or fact in any manner affecting the rights of this petitioner, and reserving all and all manner of rights of petitioner,—made its special appearance and filed its Appearance and its Amended Appearance and Statement, which form part of the record hereby sought to be certified to this Honorable Court for review.

• IV.

That such proceedings were taken, in said Case No. 450, that hearings were held by the Honorable Railroad Commission and evidence was introduced which, without any conflict of evidence,—as your petitioner is informed and believes, and therefore states, sustained all and singular the statements hereinabove set forth, and all
11 and singular the allegations set forth and contained in this petitioner's appearance and Amended Appearance and Statement on file with the Railroad Commission in said case No. 450.

V.

That subsequently, and on or about the 31st day of December, 1914, the Honorable Railroad Commission rendered and filed its opinion, findings, decision and order in said case No. 450, wherein and whereby the Honorable Railroad Commission found, decided and ordered that Producers Transportation Company was a common carrier and public utility, and subject to the provisions of the Public Utilities Act of this state in the transportation of crude oil, petroleum or the products thereof by means of pipe lines from the San Joaquin Valley oil fields and thereby this petitioner was further ordered and required to file with the Honorable Railroad Commission schedules of rates and charges for the transportation of crude oil, petroleum or the products thereof by means of its pipe lines from the San Joaquin Valley Oil fields in the State of California and also rules and regulations in connection with such transportation, and said opinion, findings and order otherwise adversely,—and as this petitioner believes and therefore alleges, unlawfully,—dealt

with the rights and property interests of this petitioner, which said opinion, findings and order constitute a part of the record in said case hereby petitioned to be certified to this Honorable Court for review.

VI.

That at no time has this petitioner either offered to dedicate or dedicated its pipe lines or facilities or any part thereof to public use; that said order and decision, if permitted to stand, will in effect deprive your petitioner of its property without due process of law, and will deny to this petitioner the equal protection of the laws and that said order and decision, if permitted to stand, and if this petitioner shall be obligated to conform thereto, will amount to

12 and constitute a taking and damage of the private property of this petitioner for public use without any compensation first having been made to or paid either to this petitioner or into court for this petitioner and without the value thereof or compensation therefor having been ascertained or determined by a jury (no jury having been waived but on the contrary the right of jury having been specifically claimed and asserted) and without any compensation having been ascertained in any manner whatever or at all.

That in said proceedings this petitioner was denied the right to trial by jury and thereby was deprived of its Constitutional rights; that by said findings, orders and decision, the Honorable Railroad Commission has ignored the contracts hereinabove referred to and the rights and duties of the parties thereto, and if said order and decision are permitted to stand and this petitioner is obligated to comply therewith, the obligation of said contracts will thereby be impaired, and the property and rights of this petitioner therein and thereunder will be taken from this petitioner without compensation, and this petitioner will be deprived of its property and its rights therein and thereunder without due process of law and will thereby be denied the equal protection of the laws. That in all of said particulars in this subdivision stated, and otherwise,—as particularly set forth in the application for rehearing hereinafter mentioned,—said opinion, findings, order and decision of the Honorable Railroad Commission are unlawful, and in making the same the Commission did not regularly pursue its authority and the same are in violation of the rights of this petitioner under the Constitution of the United States, and in violation of the rights of this petitioner under the Constitution of the State of California.

13

VII.

That prior to the expiration of twenty days after the making of said order in said case No. 450,—and before the effective date of said order,—this petitioner duly made application to the Honorable Railroad Commission for a re-hearing in said case, specifically setting forth the grounds on which petitioner considered said opinion, findings, order and decision to be unlawful.

That by said petition for re-hearing your petitioner set forth and

alleged, and hereby alleges, that said opinion, findings, order and decision of the Honorable Railroad Commission violates the rights of petitioner under the Constitution of the United States and under the Constitution of the State of California, and that in making the same the Railroad Commission did not regularly pursue its authority; and that the particulars wherein the Railroad Commission failed regularly to pursue its authority and wherein the rights of petitioner under the Constitution of the United States and of the State of California are violated, and wherein said findings, order and decision are unlawful, are set forth in detail in said petition for re-hearing, which includes the matters hereinabove in subdivision VI alleged, and also includes many particulars wherein the findings of fact are not sustained by the evidence (in numerous cases showing that the findings are contradictory of the only evidence before the Commission on the subject covered thereby).

That by said application for re-hearing, and as further grounds on and by reason of which said opinion, decision and order are, and each thereof is, unlawful and ought to be reviewed and annulled, petitioner further sets forth,—and also hereby alleges,—that the Honorable Railroad Commission had no jurisdiction to hear or determine any question involving the substantive, contractual or property rights of petitioner; that in said proceeding the Railroad Commission unlawfully usurped and attempted to exercise the functions of a jury and unlawfully exercised authority and jurisdiction

14 of a Court of record in matters exclusively reserved for consideration by the Superior Courts of the State of California (thereby further violating the rights of petitioner under the Constitution of the State of California) and that all and singular the acts, hearings, findings, judgment, orders and decisions of the Commission in said case were in excess of its authority and in excess of its power and in excess of its jurisdiction. That other grounds on and by reason of which petitioner considers the findings, opinion, decision and orders of the Railroad Commission in said case No. 450,—insofar as they affect petitioner and its rights,—to be unlawful, are fully and particularly set forth in said application for re-hearing.

That your petitioner is informed and believes, and therefore alleges that all and singular the allegations and statements in said application for re-hearing contained and set forth are true. That said application for re-hearing constitutes a part of the record in said case hereby petitioned to be certified to this Honorable Court for review, and is hereby referred to and, by reference, made a part hereof.

That the order of the Railroad Commission of March 18th, 1915, hereinafter referred to, denying the application of petitioner for re-hearing, is also unlawful and in excess of the jurisdiction and powers of the Railroad Commission and in violation of the rights of this petition under the Constitution of the United States and under the Constitution of the State of California, and that in making the same, the Railroad Commission did not regularly pursue its authority and that said order is unlawful for each and all of the reasons, and upon

each and all of the grounds hereinabove and in said petition for rehearing set forth.

15

VIII.

That on or about the 20th day of January, 1915, the Honorable Railroad Commission issued its order in said case No. 450, suspending the effective date and extending the same "for the period of the pendency of all applications for rehearing which are filed in this proceeding within the time provided by Section 66 of the Public Utilities Act." That subsequently and without any notice of hearing and without any hearing upon the application of this petitioner for a re-hearing, the Honorable Railroad Commission, on the 18th day of March, 1915, filed its decision No. 2241, *on* said case No. 450, wherein and whereby the Commission gave their opinion and order on application for re-hearing, whereby Producers Transportation Company is further required to file with said Commission on or before April 12th, 1915, schedule of rates and charges for transportation of crude oil, petroleum or the products thereof "of the kind and character in the transportation of which" said Company has been engaged by means of pipe lines from the San Joaquin Valley oil fields in the State of California, and its rules and regulations in connection with such transportation. That by said order none of the specific issues raised by the application for re-hearing filed by this petitioner, were either referred to or dealt with, but that said application of petitioner for re-hearing filed in said proceeding was by said order denied. That said Order forms a part of the record in said case hereby petitioned to be certified to this Honorable Court for review.

IX.

That as your petitioner is informed and believes and therefore alleges neither your petitioner nor its pipe lines, nor its pipe line facilities, are lawfully subject to the provisions of Chapter 327 of the Laws of 1913, or of the Public Utilities Act, and that the nature and extent of the business of this Company is such that the public

needs no use in the same and the conduct of the same is not a
16 matter of public consequence. That the full and unqualified compliance by this petitioner with said orders of the Honorable Railroad Commission might be construed to be and might constitute a waiver of the rights of this petitioner to object thereto and an acknowledgment by it of the jurisdiction of the Railroad Commission in said proceedings and over this petitioner and its pipe line system, and petitioner is further advised and believes and therefore alleges that unless said orders are suspended during the pendency of the writ of review herein petitioned for, and the operation thereof stayed by order of this Honorable Court, great and irreparable damage will result to petitioner herein.

X.

That whereas by said investigation and proceedings in said case No. 450 numerous corporations were made respondents, and by the order of the Honorable Railroad Commission the rights and duties of numerous unrelated pipe line Companies are considered, discussed and decided in all respects as though there existed a community of interests between such respective companies; petitioner alleges the fact to be that this petitioner has no relations nor community of interest whatever with either or any of the respondents in said case No. 450 who, by the opinion of the Honorable Railroad Commission in said case, are found to be common carriers and public utilities and subject to the provisions of the Public Utilities Act.

XI.

That petitioner has no plain, speedy or adequate remedy at law in any Court of the State of California for the protection of its rights in the premises; that no appeal will lie to any Court from the
17 order of the Honorable Railroad Commission and that Writ of Review, as hereby petitioned for, is the only remedy provided by the Public Utilities Act, or other laws of the State of California for the purpose of reviewing, reversing, correcting or annulling the orders or decisions of the railroad Commission or for protecting the rights of this petitioner as against the unlawful and unconstitutional orders which have been made by the Honorable Railroad Commission in said Case No. 450.

Wherefore, your petitioner prays:

1. That a Writ of Review be issued by this Honorable Court to the above named Respondents requiring them to certify to the Supreme Court of the State of California a full and complete record of all and singular the orders, and evidence taken and considered by the Commission and proceedings leading up to the making by respondents of their order and decision of December 31st, 1914, and their further order and decision denying application for rehearing, dated March 18, 1915, together also with said Respondents' orders in said proceeding entitled, "Before the Railroad Commission of the State of California, Case No. 450, In the Matter of Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities, subject to the provisions of the Public Utilities Act," together with petitioner's appearance and Amended Appearance and application for re-hearing and all other papers and orders in any manner connected with said case insofar as said case affects this petitioner or any of its rights, or any of its properties.

2. That this Honorable Court make its order wholly staying
18 ing and suspending the operation of the Honorable Railroad Commission's orders of December 31st, 1914, and March

18th, 1915, during the pendency of such writ of review and until the final determination thereof by this Honorable Court.

3. That upon the hearing in the Supreme Court of the State of California, this Honorable Court shall enter judgment setting aside and annulling said Order of the Railroad Commission rendered as of the 31st day of December, 1914,—and also said order supplemental thereto of March 18, 1915, whereby the petition of this petitioner for re-hearing was denied.

4. For such other and further relief as may be meet and equitable in the premises.

LEWIS W. ANDREWS,
THOS. O. TOLAND,
ANDREWS, TOLAND & ANDREWS AND
PAUL M. GREGG,

Attorneys for Petitioner.

STATE OF CALIFORNIA,

County of Los Angeles, ss:

W. L. STEWART, being first duly sworn, deposes and says: That he is an officer, to wit, Vice President of the above named corporation, Producers Transportation Company; that he has read the foregoing Petition for Writ of Review, and knows the contents thereof and that the same is true of his own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters, he believes it to be true. That affiant makes this affidavit of verification for and on behalf of said corporation.

W. L. STEWART.

Subscribed and sworn to before me this 2nd day of April, 1915.

[NOTARIAL SEAL.]

HAZEL M. GILBERT,
*Notary Public in and for the County of
Los Angeles, State of California.*

19 Max Thelen, Commissioner, President.

H. D. Loveland, Commissioner.

Alex Gordon, Commissioner.

Edwin O. Edgerton, Commissioner.

Frank R. Devlin, Commissioner.

Charles R. Detrick, Secretary.

H. H. Sanborn, Rate Expert.

Richard Sachse, Chief Engineer

L. R. Reynolds, Auditor.

P. A. Sinsheimer, Bond Expert.

Douglas Brookman, Attorney.

Address all communications to Railroad Commission of the State of California.

Telephone Sutter 2260.

Railroad Commission of the State of California.

Tenth Floor, Commercial Building, 833 Market Street.

San Francisco, April 9, 1915.

Case No. 450.

Andrews, Toland & Andrews, 1030 Marsh-Strong Building, Los Angeles, Cal.

GENTLEMEN:

Attention Mr. Thos. O. Toland.

I write this letter in accordance with our telephone conversation today.

I have received a copy of the petition prepared by your office in behalf of Producer's Transportation Co., which petition is to be filed with the Supreme Court, and seeks a review of the orders of the Commission made in case No. 450, "In the matter of the compliance of oil pipe lines with the provisions of Chapter 327 of the Laws of 1913, declaring certain corporations, associations and individuals to be common carriers and public utilities, subject to the provisions of the public Utilities Act."

The Commission is entirely willing to waive notice of this petition, and also to waive the order to show cause, and consents to the immediate issuance of the writ.

You have asked in the petition that the Supreme Court make an order suspending the effect of the Commission's order in the oil pipe line case during the pendency of this review. The Commission consents to the issuance of such an order.

Very truly yours,

DOUGLAS BROOKMAN, *Attorney.*

D. B.: E. L. H.

Corporation, Plaintiff and Petitioner, vs. The Railroad Commission of the State of California et al., Defendant and Respondents. Petition for Writ of Review. Andrews, Toland & Andrews, 1030 Marsh-Strong Bldg., Los Angeles. Attorneys for petitioner. Filed Apr. 10, 1915. B. Grant Taylor, Clerk, by Wm. L. Traeger, Deputy.

21 In the Supreme Court of the State of California.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,
vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX THELEN, H. D. Loveland, Edwin O. Edgerton, Alex. Gordon and Frank R. Devlin as Members of and Constituting said Railroad Commission of the State of California, Respondents.

Order for Issuance of Writ of Review.

By the COURT:

Upon reading the verified petition of Producers Transportation Company, filed herein on the 9th day of April, 1915, for a Writ of Review to be issued by this Court to the Respondents above named, commanding them to certify to this Court a full and complete record of all and singular the orders, and evidence taken and considered by the Railroad Commission, and proceedings leading up to the making by Respondents of their order and decision of December 31st, 1914, and their further order and decision denying application for re-hearing, dated March 18th, 1915, together also with said Respondents' orders in said proceeding entitled, "Before the Railroad Commission of the State of California, Case No. 450, In the Matter of Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities, subject to the Provisions of the Public Utilities Act," together with petitioner's appearance and Amended Appearance and application for re-hearing and all other papers and orders in any manner
22 connected with said case, insofar as said case affects said petitioner or any of its rights or any of its properties, and it appearing that said Writ should be issued as prayed for;

And there having been filed herein the written statement of attorney for respondents admitting receipt of copy of said verified petition of petitioner herein, and waiving further notice and also waiving order to show cause, also consenting to the immediate issuance of a Writ of Review herein, and also consenting to the issuance of an Order suspending the effect of the Commission's order in said case during the pendency of this Review.

It is Hereby Ordered that a peremptory Writ of Review issue out of and under the seal of this Court, addressed to said Respondents commanding said Respondents to certify and return to this Court at its session in the City and County of San Francisco, California.

at the Wells-Fargo Building, Second and Mission Streets therein, on the 10th day of May, 1915, at 10 o'clock A. M., a full and complete record of said proceedings for the purpose of having the lawfulness of said orders and decisions inquired into and determined.

It is Further Hereby Ordered that the operation of the orders of the Honorable Railroad Commission of December 31st, 1914, and of March 18th, 1915—referred to in said petition for re-hearing—be and the same is hereby stayed and suspended during
23 the pendency of this review and until the further order of this Court.

Dated Los Angeles, California, April 12th, 1915.

(Signed)

ANGELOTTI, C. J.

24 [Endorsed:] L. A. No. 4230. In the Supreme Court of the State of California. Producers Transportation Co., a Corporation, Plaintiff and — vs. The Railroad Commission of the State of California, et al., Defendant and—. Order for Issuance of Writ of Review. Andrews, Toland & Andrews, 1030 Marsh-Strong Bldg., Los Angeles, Attorneys for petitioner. Filed Apr. 12, 1915. B. Grant Taylor, Clerk, by M. C. Van Allen, Deputy.

25 In the Supreme Court of the State of California.

L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,
vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX THELEN, H. D. Loveland, Edwin O. Edgerton, Alex. Gordon and Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Respondents.

Writ of Review.

The People of the State of California to The Railroad Commission of the State of California, Max Thelen, H. D. Loveland, Edwin O. Edgerton, Alex. Gordon and Frank R. Devlin, as members of and constituting said Railroad Commission of the State of California, Respondents:

Whereas, it manifestly appears to us from the verified petition of Producers Transportation Company that those certain orders and decisions made by you, dated December 31st, 1914 and March 18th, 1915 in proceeding entitled, "Before the Railroad Commission of the State of California, Case No. 450, In the Matter of Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities, subject to the Provisions of the Public Utilities Act," and being decisions of the Railroad Commission of the State of California Number 2042 and 2241

respectively, should be reviewed by us for the reasons in said petition
stated and being therefore willing to be certified of the said
proceeding;

We therefore command you that you certify and return
to this Court at its session in the City and County of San Francisco,
California, at the Wells-Fargo Building, Second and Mission Streets,
therein, on the 10th day of May, 1915, at 10 o'clock a. m., annexed
to this Writ, a full and complete record of all and singular the
orders, and the evidence taken and considered by the Railroad Com-
mission and the proceedings leading up to the making by said Com-
mission of their order and decision of December 31st, 1914, and
their further order and decision, denying application for re-hear-
ing, dated March 18th, 1915, together with said orders respectively,
together also with petitioner's amended appearance and petitioner's
application for re-hearing; and all other papers and orders in any
manner connected with said case, insofar as said case affects said
petitioner, Producers Transportation Company, or any of its rights,
or any of its properties, for the purpose of having the lawfulness of
said orders and decisions inquired into and determined and that
this Court may further cause to be done thereon what appears to us
of right ought to be done.

Witness the Honorable F. M. Angellotti, Chief Justice of the
Supreme Court of the State of California, and the seal of said Court,
this 12th day of April, 1915.

[Seal of Supreme Court.]

(Signed)

B. GRANT TAYLOR,
Clerk of the Supreme Court of the
State of California,
By M. C. VAN ALLEN,
Deputy Clerk.

Receipt of copy of within writ is acknowledged this 13th
day of April, 1915, on behalf of all respondents herein.

DOUGLAS BROOKMAN,
Atty. for Respondents.

[Endorsed:] L. A. No. 4230. In the Supreme Court of the State
of California. Producers Transportation Co., a Corporation, Plain-
tiff and —, vs. The Railroad Commission of the State of California
et al., Defendant and —. Writ of review. Andrews, Toland &
Andrews, 1030 Marsh-Strong Bldg., Los Angeles, Attorneys for Pe-
titioner. Filed Apr. 21, 1915. B. Grant Taylor, Clerk, By M. C.
Van Allen, Deputy.

L. A. No. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX THELEN, H. D. Loveland, Edwin O. Edgerton, Alex Gordon and Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Respondents.

Return to Writ of Review.

I, Charles R. Detrick, Secretary of the Railroad Commission of the State of California, respondent in this proceeding, do hereby certify to the Supreme Court of the State of California;

That as Secretary of the Railroad Commission of the State of California I have kept a true and complete record of the transcript of testimony, exhibits, pleadings, record and proceedings in the case before the Railroad Commission entitled "Case No. 450, In the matter of the compliance by oil pipe lines with the provisions of Chapter 327 of the Laws of 1913, declaring certain corporations, associations and individuals to be common carriers and public utilities and subject to the Public Utilities Act;"

That attached hereto is the transcript of testimony taken in said proceeding before the Railroad Commission, together with all exhibits filed in said proceeding, and all the pleadings, record and proceedings and all the information secured by the Railroad Commission on its own initiative and considered by it in rendering its decision and order in said proceeding, and that the same constitute a full, true and complete record on review of all proceedings leading up to the making of the order and decision of respondents in said proceeding on December 31, 1914, together with petitioner's application for rehearing and respondents' order thereon; and also, petitioner's amended appearance and all other papers and orders in any manner connected with said proceeding in so far as said proceeding affects petitioner, or any of its rights or any of its properties, in accordance with the directions contained in the writ of review issued herein.

In witness whereof, I have hereunto set my official signature and affixed the seal of said Railroad Commission of the State of California, this 21st day of April, 1915.

(Signed)

CHARLES R. DETRICK, [SEAL.]
Secretary Railroad Commission
of the State of California.

30 [Endorsed:] L. A. No. 4230. In the Supreme Court of the State of California. Producers Transportation Company, a corporation, Petitioner, vs. The Railroad Commission of the State of California et als., Respondents. Return to Writ of Review. (Copy.) Douglas Brookman, Attorney for Respondents, 833 Market Street, San Francisco, Cal. Filed Apr. 21, 1915. B. Grant Taylor, Clerk Supreme Court. R.

31 Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance by Oil Pipe Lines With Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Order for Investigation on Commissioners' Own Motion.

By the Commission :

Whereas, Chapter 327 of the Acts of the Legislature of 1913, declaring certain corporations, associations and individuals engaged, directly or indirectly, in the transportation of crude oil or petroleum or the products thereof, within the State of California, for hire or otherwise, to be common carriers and public utilities and subject to the provisions of the Public Utilities Act, became effective on August 10, 1913; and

Whereas, it is the duty of the Railroad Commission to ascertain what corporations, associations and individuals are subject to the provisions of said Act, and to cause such corporations, associations and individuals to file promptly with this Commission schedules of their rates and charges for the transportation of crude oil or petroleum or the products thereof, and their rules and regulations in connection therewith, and in all other respects to comply fully with said Act.

It is hereby ordered that the Railroad Commission of the State of California on its own motion hereby institutes an investigation to ascertain what corporations, associations and individuals are subject to the provisions of said Act.

32 And it appearing from a preliminary investigation conducted by this Commission that the corporations, associations and individuals hereinafter named may possibly be subject to the provisions of said Act,

It is further ordered that Standard Oil Company, Associated Oil Company, Producers Transportation Company, Union Oil Company of California, General Pipe Line Company of California, Pinal Dome Oil Company, Puente Oil Company, Central Oil Company, Home Oil Company, Graciosa Oil Company, San Luis Obispo Company, Refining and Producing Oil Company, Coast Oil and Transportation Company, Mission Transportation and Refining Company, Associated Pipe Line Company, Salt Lake Company, Amalgamated Oil Com-

pany, Central Oil Company of Los Angeles, and Palmer Union Oil Company appear before the Railroad Commission, at its office in the City of San Francisco, State of California, on Thursday the 4th day of September, 1913, before Commissioners Thelen and Edgerton to show cause why the Railroad Commission should not make its order requiring each of said companies to file with this Commission schedules of their rates and charges for the transportation of crude oil and petroleum or the products thereof, and their rules and regulations in connection with such transportation, and otherwise to comply fully with said Chapter 327 of the Laws of 1913; and

It is further ordered that the Secretary of this Commission be and he is hereby instructed to serve on each of said companies a certified copy of this order and to attach thereto a notice, under the hand and seal of this Commission, requiring each of said companies to appear before this Commission at the above time and place to show cause, if any they have, why they should not be required to file such schedules, rules and regulations and to comply fully with all the provisions of said Chapter 327 of the Laws of 1913.

Dated at San Francisco, California, this 11th day of August, 1913.

[COMMISSIONER SEAL.]

H. D. LOVELAND,

MAX THELEN,

EDWIN O. EDGERTON,

Commissioners.

33 Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance by Oil Pipe Lines With the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Notice on Order to Show Cause.

To Standard Oil Company, Associated Oil Company, Producers Transportation Company, Union Oil Company of California, General Pipe Line Company of California, Pinal Dome Oil Company, Puente Oil Company, Central Oil Company, Home Oil Company, Gracioso Oil Company, San Luis Obispo Company, Refining and Producing Oil Company, Coast Oil and Transportation Company, Mission Transportation and Refining Company, Associated Pipe Line Company, Salt Lake Company, Amalgamated Oil Company, Central Oil Company of Los Angeles, Palmer Union Oil Company:

You and each of you are hereby notified to appear before the Railroad Commission of the State of California on Thursday, the 4th day of September, 1913, at 10 o'clock A. M., at the office of the Commission, in the City of San Francisco, State of California, before Commissioners Thelen and Edgerton to show cause, if any you have, why

the Railroad Commission should not make its order requiring you to file with said Commission schedules of your rates and charges for the transportation of crude oil or petroleum or the products thereof, and your rules and regulations in connection with such transportation, and requiring you to comply fully in all respects with the provisions of Chapter 327 of the Acts of the Legislature of 1913.

34 You are further notified that attached hereto is a certified copy of an order of the Railroad Commission, instituting on its own motion the above entitled investigation and directing the Secretary of said Commission to serve the above entitled notice.

You are further ordered to present at said hearing, in addition to such other evidence as you may desire to present, evidence on the following points:

1. Do you own, operate, manage or control any pipe line or any part of any pipe line, plant or equipment within the State of California for the transportation of crude oil or petroleum or the products thereof, either directly or indirectly, to or for the public, for hire, compensation, or consideration of any kind, paid, given, extended or received, directly or indirectly, for such transportation, or are you engaged, directly or indirectly, in the business of so transporting the same?

2. Do you own, operate, manage or control any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof, directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid or received, directly or indirectly, for such transportation, and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway, and does the right of eminent domain exist in your favor?

3. Do you own, operate, manage or control, directly or indirectly, any pipe line or pipe lines, or any part of any pipe line or pipe lines, plant or equipment, or any pipe line system or any part thereof, for the transportation, directly or indirectly, to or for the public, for hire or otherwise, of crude oil, petroleum or products thereof, and which said pipe line, or pipe lines, or plant or equipment, or system, is, or are, constructed, operated or maintained across, upon, along, over or under the right of way of any railroad corporation or other common carrier required by law to transport crude oil, petroleum or products thereof as a common carrier?

35 4. Do you own, use, operate, manage or control, directly or indirectly, or participate in the ownership, use, operation, management or control, directly or indirectly, under lease, contract of purchase, agreement to buy and sell, or other contractual or tacit agreement or arrangement of any kind or character whatsoever, of any pipe line, or pipe lines, or any part of any pipe line, or pipe lines, plant or equipment, or pipe line system, or any part of any pipe line system, for the transportation of crude oil, petroleum or the products thereof, of any from, or of, or from any oil field or place of production within the State of California, to any distributing, refining, or marketing center or reshipping point therefor within said

state, whereby, or under, or through which, directly or indirectly, you are enabled to secure, or attempt to secure, or tend to secure the control of, or monopoly of the purchasing of, or the control of, or monopoly of the transportation of such crude oil, petroleum or the products thereof?

By order of the Railroad Commission.

Dated at San Francisco, California, this 11th day of August, 1913.

[COMMISSION SEAL.]

CHARLES R. DETRICK,

Secretary of Railroad Commission, State of California.

36 [Endorsed:] Case No. 450. Before the Railroad Commission of the State of California. In the Matter of the compliance by Oil Pipe Lines with provisions of Chapter 327 of the Laws of 1913, declaring certain corporations, associations and individuals to be common carriers and public utilities subject to the provisions of the Public Utilities Act. Order for Investigation on Commission's own Motion. Copy. Dated August 11, 1913. Railroad Commission, 833 Market Street, San Francisco, Calif.

37 Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations, and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Notice on Order to Show Cause.

To Columbia Oil Producing Company, Murphy Oil Company, Pacific Pipe Line Company, Midway Gas Company, Independent Oil Producers Agency, San Luis Obispo Mutual Oil Company, Pinal Dome Refining Company:

You and each of you are hereby notified to appear before the Railroad Commission of the State of California on Thursday, the 4th day of September, 1913, at 10 o'clock A. M., at the office of the Commission, in the City of San Francisco, State of California, before Commissioners Thelen and Edgerton to show cause, if any you have, why the Railroad Commission should not make its order requiring you to file with said Commission schedules of your rates and charges for the transportation of crude oil or petroleum or the products thereof, and your rules and regulations in connection with such transportations, and requiring you to comply fully in all other respects with the provisions of Chapter 327 of the Acts of the Legislature of 1913.

38 You are further notified that attached hereto is a certified copy of an order of the Railroad Commission, instituting on

its own motion the above entitled investigation and directing the Secretary of said Commission to serve the above entitled notice.

You are further ordered to present at said hearing, in addition to such other evidence as you may desire to present, evidence on the following points:

1. Do you own, operate, manage or control any pipe line or any part of any pipe line, plant or equipment within the State of California for the transportation of crude oil, petroleum, or the products thereof, either directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid given, extended or received, directly or indirectly, for such transportation, or are you engaged, directly or indirectly, in the business of so transporting the same?

2. Do you own, operate, manage or control any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum, or the products thereof, directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid or received, directly or indirectly, for such transportation, and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway, and does the right of eminent domain exist in your favor?

3. Do you own, operate, manage, or control, directly or indirectly, any pipe line or pipe lines, or any part of any pipe line or pipe lines, plant or equipment, or any pipe line system, or any part thereof, for the transportation, directly or indirectly, to or for the public, for hire or otherwise, of crude oil, petroleum, or products thereof, and which said pipe line, or pipe lines, or plant or equipment, or system is, or are constructed, operated or maintained across, upon, along, over or under the right of way of any railroad corporation or other common carrier required by law to transport crude oil, petroleum or products thereof as a common carrier?

4. Do you own, use, operate, manage, or control, directly or indirectly, or participate in the ownership, use, operation, management, or control, directly or indirectly, under lease, contract of purchase, agreement to buy and sell, or other contractual or tacit agreement or arrangement of any kind or character whatsoever, of any pipe line, or pipe lines, or any part of any pipe line, or pipe lines, plant or equipment, or pipe line system, or any part of any pipe line system, for the transportation of crude oil, petroleum, or the products thereof, of and from, or of, or from any oil field or place of production within the State of California, to any distributing, refining or marketing center or reshipping point therefor within said state, whereby, or under, or through which, directly or indirectly, you are enabled to secure, or attempt to secure, or tend to secure, the control of, or monopoly of the purchasing of, or the control of, or monopoly of the transportation of such crude oil, petroleum or the products thereof?

By order of the Railroad Commission.

Dated at San Francisco, California, this 19th day of August, 1913.

[COMMISSION SEAL.]

CHARLES R. DETRICK,

Secretary Railroad Commission

of the State of California.

Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance by Oil Pipe Lines with Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations, and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Supplemental Order.

By the COMMISSION:

The Commission having on August 11, 1913, made an order in this case instituting on its own motion an investigation to ascertain what corporations, associations and individuals are subject to the provisions of Chapter 327 of the Laws of 1913, declaring certain corporations, associations and individuals to be common carriers and public utilities subject to the provisions of the Public Utilities Act, and the Commission having in said order directed certain companies therein specified to appear before the Commission at its office in the City of San Francisco, State of California, on Thursday, the 4th day of September, 1913, before Commissioners Thelen and Edgerton to show cause why the Railroad Commission should not make its order requiring each of said companies to file with this Commission schedules of their rates and charges for the transportation of crude oil and petroleum or the products thereof, and their rules and regulations in connection with such transportation, and otherwise to comply fully with said Chapter 327 of the Laws of 1913, and it appearing that the corporations, associations and individuals hereinafter named may also possibly be subject to the provisions of said Act.

41 *and it appearing that the corporations, associations and individuals hereinafter named may also possibly be subject to the provisions of said Act.*

It is Hereby Ordered that Columbia Oil Producing Company, Murphy Oil Company, Pacific Pipe Line Company, Midway Gas Company, Independent Oil Producers Agency, San Luis Obispo Mutual Oil Company and Pinal Dome Refining Company appear before the Railroad Commission, at its office in the City of San Francisco, State of California, on Thursday the 4th day of September, 1913, before Commissioners Thelen and Edgerton to show cause why the Railroad Commission should not make its order requiring each of said companies to file with this Commission schedules of their rates and charges for the transportation of crude oil and petroleum or the products thereof, and their rules and regulations in connection with such transportation, and otherwise to comply fully with said Chapter 327 of the Laws of 1913; and

It is Further Ordered, that the Secretary of this Commission be and he is hereby instructed to serve on each of said companies above named a certified copy of this order, and to attach thereto a notice, under the hand and seal of this Commission, directing each of said companies to appear before this Commission at the above time and place to show cause, if any it have, why said company should not be required to file its schedules, rules and regulations, and to comply fully with all the provisions of said Chapter 327 of the Laws of 1913.

Dated at San Francisco, California, this 19th day of August, 1913.

[COMMISSION SEAL.]

H. D. LOVELAND,

MAX THELEN,

ALEX GORDON,

Commissioners.

42 [Endorsed:] Case No. 450. Before the Railroad Commission of the State of California. In the Matter of the compliance by Oil Pipe Lines with provisions of Chapter 327 of the Laws of 1913, declaring certain corporations, associations and individuals to be common carriers and public utilities subject to the provisions of the Public Utilities Act. Supplemental Order. Original. Railroad Commission of the State of California, Tenth Floor Commercial Building, 833 Market Street, San Francisco, Cal. Filed August 19th, 1913.

43 Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Amended Appearance and Statement of Producers' Transportation Company, a Party Respondent in Said Proceeding.

Comes now the Producers' Transportation Company, a corporation organized and existing under and by virtue of the laws of the State of California, one of the respondents in the above entitled proceeding, and makes its Amended Special Appearance and Statement herein,—without waiving, but on the contrary, hereby expressly urging and asserting objection to the jurisdiction of this Honorable Commission to investigate, hear or determine any questions of law or fact in any manner affecting any of the rights of this respondent, hereby asserting that this Honorable Commission has no power or authority whatever, and no jurisdiction over this respondent or its property or affairs, or to make any order whatever in the premises; also reserving and urging all and all manner of objections to the powers and jurisdiction of this Honorable Commis-

sion, and all and all manner of rights of this respondent; but for the purpose, by special and limited appearance only, of advising this Honorable Commission of, and setting forth to them the rights of this respondent in the premises,—alleges as follows:

I.

That, prior to the incorporation of this respondent, and as an inducement therefor, numerous oil producing corporations and persons owning and operating oil producing territory in the Kern
44 River, Coalinga, McKittrick, Maricopa and Sunset Oil Fields in the San Joaquin Valley of California, entered into and duly executed contracts as producers, and as first parties of such contracts, with Messrs. L. P. St. Clair, H. H. Welsh, S. W. Morehead and M. V. McQuigg, as second parties to said contracts, wherein and whereby said producers respectively obligated themselves, and the oil producing lands owned and operated by them, to cause all crude petroleum oil produced from their said lands to be transported through a pipe line system, in said contract contemplated, and which was to be built and operated pursuant thereto, for the period of ten years from February 1st, 1910, at the price and under the terms, regulations and conditions in said contract set forth, which said contracts were identical in form in every case (excepting only as to name and principal place of business of producer and description of property), and a form-copy of which contract is hereto attached, marked "Exhibit A" and made a part hereof;

That a large number of said contracts, to-wit about one hundred thereof, were so executed by such oil producing companies and individuals;

That each of the producers, first parties, respectively, to said contracts, of which "Exhibit A" is a copy, was at the time and subsequent to the time of the execution of said contract, a member of either Independent Oil Producers' Agency or of Coalinga Oil Producers' Agency, under such arrangements that such agencies re-

3

spectively, for the period ending on or about December 21st, 1919, were and are entitled to receive and handle (including transportation) all of the crude petroleum oil produced by said Agency members, respectively, from their respective holdings, referred to in and covered by said pipeage contracts;

45 That on or about the 11th day of June, 1909, said Independent Oil Producers Agency entered into a contract for and respecting the pipeage and transportation of all of its crude petroleum oil, produced in the San Joaquin Valley, in the State of California, with S. W. Morehead, under terms, regulations, conditions and prices substantially similar to those set forth in "Exhibit A," a copy of which contract is hereto attached, marked "Exhibit B" and hereby referred to and made a part hereof;

That on or about the — day of June, 1909, said Coalinga Oil Producers Agency entered into a contract for and respecting the pipeage and transportation of all of its crude petroleum oil, produced

in the San Joaquin Valley in the State of California, with L. P. St. Clair, under terms, regulations, conditions and prices substantially similar in tenor and effect to those set forth in "Exhibit B";

That for the purpose of complying with and carrying into effect such contracts, and for the purpose of constructing and operating a pipe line system for conveying and distributing crude petroleum oil under contracts at agreed prices, from the San Joaquin Valley of California to the terminus of the pipe line at Avala, on the Coast, in San Luis Obispo County, this respondent, Producers Transportation Company, was duly incorporated and organized as a California corporation on or about the 9th day of June, 1909;

And that, on or about the 15th day of June, 1909, and for the purpose of inducing this respondent to construct and operate the pipe line system hereinafter referred to and to enable this respondent to finance its said pipe line system, said S. W. Morsehead assigned said contract, of which "Exhibit B" is a copy, to this respondent, who accepted said assignment and assumed the obligations of said Morsehead under said contract;

46 And that, on or about said 15th day of June, 1909, and also for the purpose of inducing this respondent to construct and operate said pipe line system hereinafter referred to, and to enable this respondent to finance its said pipe line system, said L. P. St. Clair assigned said contract with Coalinga Oil Producers Agency to this respondent, who accepted said assignment and assumed the obligations of said St. Clair under said contract;

That on or about said 15th day of June, the parties of the second part thereto, also for the purpose of inducing this respondent to construct and operate said pipe line system and to enable this respondent to finance and construct its said pipe line system, assigned each and all of said contracts, with said oil producers, of which "Exhibit A" is a form-copy, to this respondent, who accepted said assignments and assumed the obligations of the parties of the second part thereto;

That subsequently, and in the year 1910, such steps were taken that said Coalinga Oil Producers Agency and said Independent Oil Producers Agency were consolidated, and all members thereof became agency members of said Independent Oil Producers Agency, and therein there was assigned to said Independent Oil Producers Agency said contract between Coalinga Oil Producers Agency and this respondent, as the assignee of L. P. St. Clair, and said Independent Oil Producers Agency succeeded to the rights of said Coalinga Oil Producers Agency, respecting the handling (including transportation), and marketing of the oil of all said agency members.

II.

47 That, upon the basis, faith and security of said pipeage contracts, with said respective oil producing companies and individuals, of which "Exhibit A" is a copy, and also upon the basis, faith and security of said contract, between said Independent Oil Producers Agency and this respondent, as the assignee of S. W.

Morsehead,—of which “Exhibit B” is a copy,—and also upon the basis, faith and security of said contract between Coalinga Oil Producers Agency and this respondent, as the assignee of L. P. St. Clair, and which was substantially the same in tenor and effect as “Exhibit B,” this respondent was enabled to and did create its bonded indebtedness and dispose of the bonds evidencing the same, in the aggregate par value of \$3,500,000.00; and was enabled to and did otherwise finance its pipe line system;

That, on the basis, faith and security, and relying on the assurance, guarantees and continuity of said contracts, respectively, this respondent, on or about the month of July, 1909, commenced the construction of, and thereafter prosecuted to completion, a pipe line system, and that subsequent to its completion, this corporation has operated and managed said pipe line equipment and pipe line system, for the transportation of crude petroleum oil, under and pursuant to said contracts. (In practice, the individual contracts have not furnished any oil for transportation, for the reason that all of the oil of the members is handled by Independent Oil Producers Agency, and the transportation dealings have been between the Agency and this respondent);

That, commencing with the operation of the year 1910, said pipe line system has been engaged in and devoted exclusively to the transportation of oil from the respective oil fields in Kern and Fresno Counties, in San Joaquin Valley, California, which said oil was owned and/or in the custody and control of said Independent

Oil Producers Agency, and of said Coalinga Oil Producers Agency for a short time in 1910, prior to said consolidation, and has been transported by this respondent upon the prices, at the terms, under the regulations and conditions as set forth and provided in “Exhibit B” and said other contract of similar tenor and effect;

And that said contracts respectively are still in full force and effect, and that this respondent has operated, and is obligated to continue to operate, its pipe line system, and to transport the said crude petroleum oil for Independent Oil Producers Agency under and pursuant to said contracts, which will remain in full force and effect, and the rights and duties of said respective parties thereunder will continue for the term and as in said contracts set forth.

III.

That this respondent's said pipe line system consists of eight inch pipe lines, the general description of the location, route and termini of which is as follows:

1st. Commencing at the Town of Coalinga, in the County of Fresno, State of California, and running thence in a general southerly direction in the Counties of Fresno, Kings and Kern for a distance of about 40 miles to Junction Station; thence in a general westerly and southerly direction in the Counties of Kern and San Luis Obispo for a distance of about 70 miles to a point on the Bay of

San Luis Obispo, at or near Port San Luis, in the County of San Luis Obispo, California.

2nd. Commencing at the Kern River Oil Fields near the City of Bakersfield in the County of Kern, and running thence in a general westerly direction for a distance of about 38 miles to McKittrick; thence in a general northeasterly direction for a distance of about 27 miles to Junction Station, there to connect with the line first hereinbefore described, all in the County of Kern.

3rd. Commencing at Sunset in the County of Kern, and running thence in a general northerly direction for a distance of about 22 miles to McKittrick, in said County of Kern, there to connect with the line second hereinbefore described.

49 4th. Also 6" pipe line commencing at Lost Hills and running thence for a distance of about 13 miles to the connection with the main line at Junction Station; and also 6" line running from Bell Ridge, a distance of about 4 miles, to the main line at Middle Water Station.

IV.

That the oil handled by it through said respective pipe lines under said contracts demands the use of the entire capacity of said pipe lines the major portion of the time, and the major portion of said capacity at all times; and any requirement compelling the devoting of said pipe lines, or either thereof, to public use, as a common carrier or public utility, would impair the obligations of said several contracts, and wholly prevent the performance thereof by this respondent.

V.

That said contracts were entered into and said pipe line was constructed and has been operated pursuant thereto, not only based upon and in consideration of the payment of the per barrel rate for the transportation of oil,—but also in consideration of the magnitude of the amount of oil to be transported, and the certainty and continuity of the quantity of oil to be transported, and the length of the term of the contract, and the security for and certainty of the performance of the contract, and upon other good and valuable considerations.

VI.

That this respondent has not at any time, neither does it now use its pipe lines or any part thereof for the transportation of crude oil, or petroleum, or the products thereof, either directly or indirectly, to or for the public for hire or otherwise. Neither has it ever been, nor is it now engaged, directly or indirectly, in the business of so transporting crude oil or petroleum or the products thereof, and that it has at no time transported crude oil or petroleum or any of the products thereof through its pipe lines, directly or indirectly, otherwise than as elsewhere set out hereinabove.

VII.

That, although said pipe lines of this respondent lie in parts in public highways in the Counties of Fresno, Kern, Kings and San Luis Obispo, in the State of California, nevertheless this respondent has not at any time, neither does it now use its said pipe lines, or any thereof, for the transportation of crude oil or petroleum or the products thereof, directly or indirectly, to or for the public for hire or otherwise. Neither has it at any time transported said petroleum or any of the products thereof through its pipe lines, directly or indirectly, otherwise than as elsewhere set out hereinabove. And this respondent is informed and believes, and alleges that, whether or not the right of eminent domain exists, or has at any time existed in its favor, is a question of law, and that for all the purposes of this report and for consideration of the questions pertinent to be considered in this inquiry, this respondent alleges that it is unable to determine whether or not the right of eminent domain does now, or has heretofore existed in favor of this respondent.

VIII.

That said pipe lines of this respondent lie in parts across, over, along and under the rights of way of Pacific Coast Railway Company and Southern Pacific Railway Company, but not exceeding in the aggregate five miles in length in both, nevertheless this respondent has not at any time transported, neither does it now transport crude oil or petroleum or any of the products thereof through or by means of the same, to or for the public for hire or otherwise.

51

IX.

That this respondent does not own, nor has it ever had any interest, directly or indirectly (excepting only for the revenue derived from transportation of oil) in any of the oil transported by it at any time, or being transported by it, through its said pipe lines or any thereof, excepting such oil as is required for its own use for fuel in the operation of its pumping stations.

X.

And this respondent further alleges that it is not, nor has it ever in, by or by means of the operation of its said pipe lines or any thereof, or otherwise, been enabled to secure, or tended to secure control of, or monopoly of the purchasing, or control of or monopoly of the transportation of any crude oil or petroleum, or of any of the products of either thereof.

XI.

That the nature and extent of the business of this corporation, Producers Transportation Company, is such that the public needs

no use in the same and the conduct of the same is not a matter of public consequence.

XII.

Respondent further alleges that, if either Section 22 or Section 23 of Article XII,—or any other provision,—of the Constitution of the State of California, or if the "Public Utilities Act" of the State of California, or if the provisions of Chapter 327 of the Laws of 1913 of the State of California, or if any other Act, Statute or Law of said State, or if any clause or any part of either or any thereof authorizes, or be construed to authorize, or if any decree, order, determination or adjudication of any board, commission or tribunal, shall hold, declare, adjudicate or determine, either:

52 (a) That this corporation is a common carrier, or

(b) That this corporation is a public utility, or

(c) That the pipe lines or any thereof of this respondent is a public utility, or

(d) That the pipe lines or any thereof of this respondent is a common carrier facility or means of transportation, or

(e) That the Honorable Railroad Commission of the State of California has either power or jurisdiction to exercise any authority or control whatever over either this respondent, or over either or any of the pipe lines hereinbefore described and referred to, or the oil carried or to be carried and/or transported in or by means of said pipe lines or either thereof, or to regulate said pipe lines or either thereof, or this respondent in the ownership, operation or use of the same, or

(f) That either or any of the contracts or obligations on the part of, and to be kept and performed by, this respondent, and/or on the part of, and to be kept and performed by, others in favor of this respondent,—as hereinabove set forth and/or referred to, is not or are not inviolable, or

(g) That either or any party to either or any of said contracts can be relieved of any of its or their obligations thereunder, or

(h) That either or any of said contracts, or the payments to be made by either party thereunder can be modified or amended, directly or indirectly, without the consent of all of the contracting parties, or

(i) That said pipe lines or either thereof can be held subject to uses, or controlled in any manner interfering with the performance of each and all of said contracts promptly, at the time and to the extent as in said contracts provided, or so as to prevent the receiving, handling, transporting and delivery of all oil in the manner, at the times and to the extent as in and by each and all of said contracts provided;

53 Then,—and in each and every of such cases,—such constitutional provisions and each thereof, and/or said "Public Utilities Act," and/or said provisions of Chapter 327 of the Laws of 1913, and/or such other Acts, Statutes or Laws, and/or such parts thereof respectively, and/or such constructions thereof, and/or such decrees, judgments, orders, findings, declarations or adjudications and each thereof, is and will be in violation of Section 1 of the Fourteenth

Amendment of the Federal Constitution,—and of the rights of this respondent thereunder,—which provides:

“No State shall deprive any person of life, liberty or property without due process of law”;

and which further provides that:

“No State shall deny to any person within its jurisdiction the equal protection of the laws”;

and is and will be also in violation of Section 10 of Article I of the Constitution of the United States,—and of the rights of this respondent thereunder,—which provides:

“No State shall * * * pass any * * * law impairing the obligation of contracts”;

and therefore and thereby the same and each thereof are and will be invalid, inoperative, unconstitutional and void, and this respondent reserves to itself all of its rights under, and hereby claims and invokes the benefits of, said provisions of the Constitution of the United States and each thereof.

Then also and in each and every such case, such constitutional provisions and each thereof, and/or said “Public Utilities
54 Act,” and/or said provisions of Chapter 327 of the Laws of 1913 and/or such other Acts or Statutes, and/or such parts thereof respectively, and/or such constructions thereof, and/or such decrees, judgments, orders, findings, declarations or adjudications and each thereof, is and will be in violation of Section 14 of Article I of the Constitution of the State of California, which provides that:

“Private property shall not be taken or damaged for public use, without just compensation first having been made to, or paid into court for, the owner”;

and which further provides:

“which compensation shall be ascertained by a jury, unless a jury be waived”;

and also in conflict with Section 16 of Article I of the Constitution of the State of California, which provides that:

“No law impairing the obligation of contracts shall ever be passed”;
and also in conflict with Section 7 of Article I of the Constitution of the State of California, which provides:

“Right of trial by jury shall be secured to all and remain inviolate”;

and also in conflict with Section 5 of Article VI and Section 11 of Article VI of the Constitution of the State of California (which confer upon the Superior Court exclusive jurisdiction to hear and determine all matters within the scope of this proceeding),—and therefore and thereby the same are invalid, inoperative, unconstitutional

and void; and this respondent reserves to itself the right, and it claims and invokes the benefit of said provisions of the Constitution of the State of California above referred to, and each of them.

Wherefore, this respondent prays:

A. That your Honorable Commission decline to investigate, hear or determine any question of law or fact in any manner affecting any of the rights of this respondent.

55 B. That your Honorable Commission shall exercise no jurisdiction or authority over this respondent, either under color or by virtue of the provisions of Chapter 327 of the Laws of the State of California of 1913, or under color of any provision of the Constitution or Laws of the State of California or otherwise, and that respondent be relieved and dismissed from further liability to respond in this matter.

C. Respondent further prays that, if any order be made by this Honorable Commission in the premises, other than to dismiss said proceeding as to this respondent, that such order be to refer or transfer this proceeding, and all questions of law and fact in any way affecting the rights of this respondent, to the appropriate Superior Court of the State of California.

D. Respondent further prays that, if and when the questions and issues here involved and the rights of this respondent are heard by a tribunal of competent jurisdiction, such tribunal render its judgment that respondent is not subject in any manner to the provisions of Chapter 327 of the Laws of California of 1913, nor subject to the provisions of any other Act or Laws respecting common carriers or public utilities; that all and singular the pipe lines and property of the respondent hereinbefore referred to, are the private property of respondent.

E. That respondent be relieved and dismissed from further liability to respond in this matter.

Respectfully submitted,

PRODUCERS' TRANSPORTATION
COMPANY,

By LEWIS W. ANDREWS,
THOS. O. TOLAND,
A. V. ANDREWS,
PAUL M. GREGG,

Attorneys for said Producers' Transportation Company.

56 STATE OF CALIFORNIA,
County of Los Angeles, ss:

W. L. Stewart, being by me first duly sworn, deposes and says: That he is the Vice President of the Producers Transportation Company, one of the respondents in the above entitled proceeding; that he has heard read the foregoing Amended Appearance and Statement and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true.

W. L. STEWART.

Subscribed and sworn to before me this 14th day of September, 1914.

[NOTARIAL SEAL.]

WILLIAM A. NEELSEN,
*Notary Public in and for the County of
Los Angeles, State of California.*

My Commission Expires February 6, 1917.

[Endorsed:] No. 450. Before the Railroad Commission of the State of California. In the Matter of the Compliance of Oil Pipe Lines with Provisions of Chapter 327, etc. Amended Appearance and Statement of Producers' Transportation Company. Andrews, Toland & Andrews, 1030 Marsh-Strong Bldg., Los Angeles.

57 Filed Railroad Commission, State of California, Oct. 8, 1914.
Charles R. Detrick, Sec. Case No. 450. Ex. —.

This Agreement, made the first day of December, 1909, by and between Southern Pacific Company, a corporation, organized and existing under laws of the State of Kentucky, and doing business in the State of California, hereinafter termed "Licensor," and Producers' Transportation Company, a corporation, organized and existing under the laws of the State of California, hereinafter termed "Licensee,"

Witnesseth:

That the Licensor, in consideration of the covenants, promises and agreements hereinafter contained, to be kept, observed and performed by the Licensee, hereby grants to the Licensee the right to lay, maintain and operate, for the carriage of oil, a single line of steel pipe eight (8) inches in diameter, outside measurement, beginning at a point in the westerly boundary line of Licensor's right of way, said point being opposite and fifty feet distant from Engineer's Station 8204 in the center-line of said railroad as now located; thence in a southeasterly direction, crossing said center-line at Station 8205+00, to a point opposite and 44 ft. distant from Engineer's Station 8217+10; thence in a southeasterly direction to a point opposite and forty feet distant from Engineer's Station 8220+43.0; thence in a southerly direction to a point opposite and 38 ft. distant from Engineer's Station 8237+90.8; thence in a southeasterly direction to a point in the easterly boundary line of the right of way of the Licensor, said point being opposite and 50 ft. distant from Engineer's Station 8251+20.0 in the center-line of said railroad as now located, a distance of 4720 ft.; also crossing under Licensor's right of way at Engineer's Station 7997+40, near Santa Margarita, County of San Luis Obispo, State of California.

This privilege is granted by the licensor to the Licensee upon the following express terms and conditions, to wit:

1. Said pipe shall be laid under the supervision and to the satisfaction of the Licensor, at the sole cost and expense of the Licensee, and shall be maintained in good condition and repair by the Licensee to the satisfaction of the Licensor.

2. The Licensee shall lay, maintain and operate said pipe in such manner that it will not interfere in any way with the operations of said Licensor, and the location of the same and all work in connection with the laying, maintenance and operation thereof or any change of location thereof, as hereinafter provided, shall be done and made under the supervision and to the satisfaction of the Licensor.

3. The Licensee shall, and hereby agrees that it will, indemnify and save harmless the Licensor and its lessors from any and all damages, claims, demands and liability whatsoever, growing directly or indirectly out of the laying, maintenance or operation of said pipe, and from all damages and liability of whatsoever kind or nature by reason of any injury that may occur thereto, or to the Licensee, or to the agents, employes, or property of the Licensee, or to the property of the agents or employes of the Licensee by reason of the operation of the railroad of the Licensor or by reason of fires or any other cause whatsoever, whether traceable to negligence of Licensor, or its lessors, agents or employes, or otherwise.

4. The Licensee and the agents and employes of the Licensee shall have the privilege of entry on said premises for the purpose of making necessary repairs to or change in said pipe, and the Licensee shall at all times keep said premises in good and level condition to the satisfaction of the Licensor.

5. Should the Licensor require the removal of said pipe or any part thereof or require any change in the location of said pipe, or any part thereof, the Licensee shall, at its own sole cost and expense, upon written notice from the Licensor, immediately comply with such requirement, and restore said premises, from which the pipe has been so removed, as nearly as possible, to the same state and condition they were in prior to the laying of said pipe. In the event of the failure, neglect or refusal of the Licensee to so remove said pipe and so restore said premises to their former condition, the Licensor may perform such work at the cost and expense of the Licensee, which cost and expense the Licensee agrees to pay, on demand.

6. The privilege hereby granted is personal to the Licensee and shall not be assigned or transferred, in whole or in part, without the previous written consent of the Licensor.

7. Should the Licensee fail, neglect or refuse to observe, keep or perform any covenant, promise, agreement or condition herein on its part contained, or fail, neglect or refuse to use said pipe for the carriage of oil for a period of sixty (60) days continuously, such failure, neglect or refusal may be declared by the Licensor to be an abandonment of the privilege hereby granted and the Licensor may, at its option, forthwith cancel this agreement; and thereupon all rights and privileges hereby granted shall cease and determine.

8. The Licensee hereby agrees to pay to the Licensor the sum of Five Dollars (\$5.00) in advance, for each and every year of the continuance of this license.

In witness whereof, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed the day and year first above written.

[SEAL.] SOUTHERN PACIFIC COMPANY,
(Signed) By E. E. CALVIN, *V. P. & G. M.*, AND
U. C. URGEM.

[SEAL.] PRODUCERS TRANSPORTATION CO.,
(Signed) By H. ST. CLAIR, *Pres.*, AND
(Sgd.) GILES KELLOGG, *Secy.*

Recommended by
J. H. YOUNG.

Approved as to form:
WM. F. HEVIN,
Chief Council.
M.

(Here follows diagram marked p. 59.)

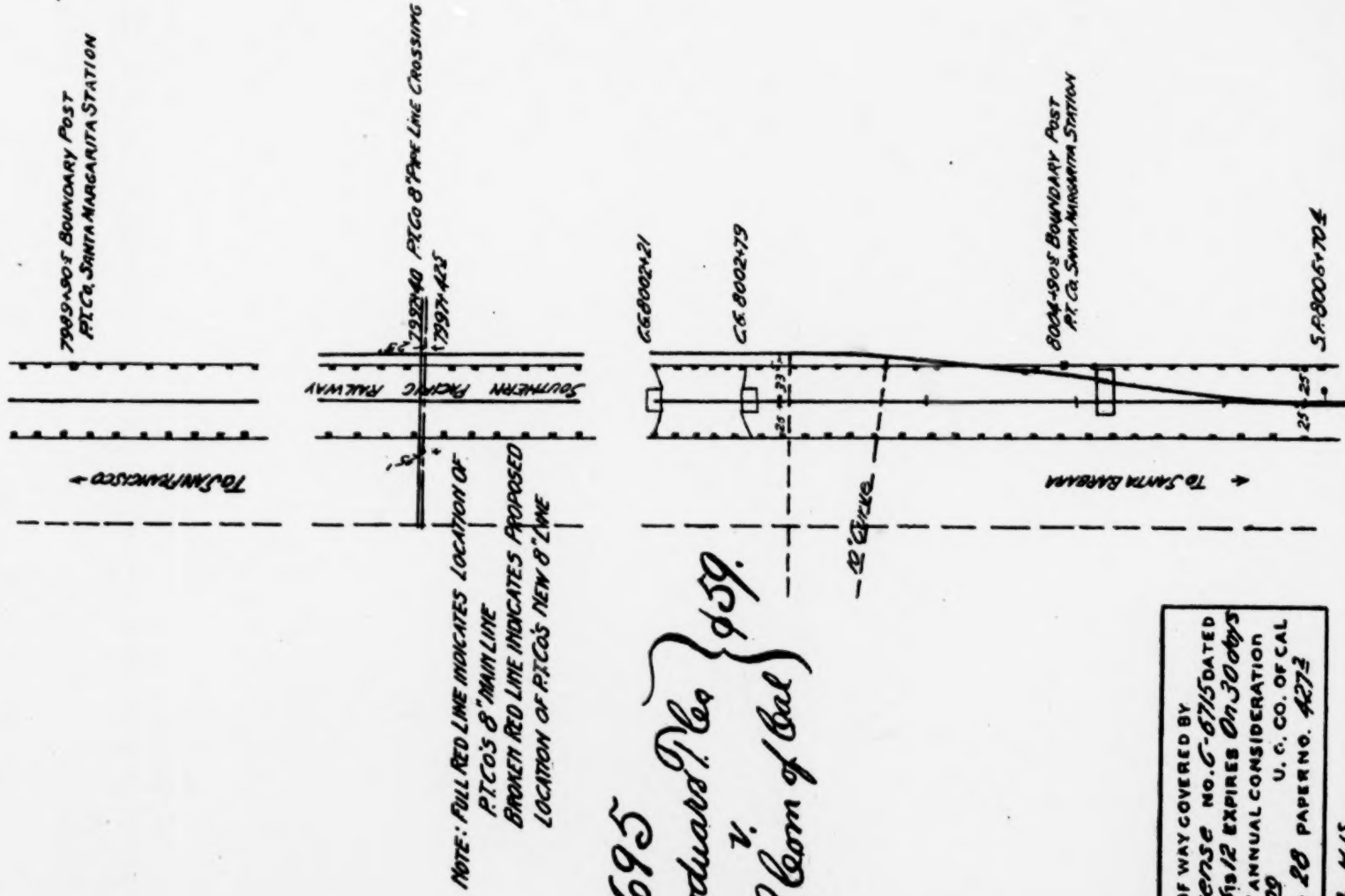
PRODUCERS TRANSPORTATION COMPANY

PIPE LINE ROUTE ACROSS THE PROPERTY OF

SOUTHERN PACIFIC RAILROAD CO.

NEAR SANTA MARGARITA, SAN JUAN CRISTO CO., CAL.

SCALE 1" = 100'



695
Producers, Inc. } 439.
v. R.R. Com of Cal.

RIGHT OF WAY COVERED BY
License NO. C-6715 DATED
Sept 26, 12 EXPIRES On 30 days
notice ANNUAL CONSIDERATION
\$ 500 U. C. CO. OF CAL
FILE NO 28 PAPER NO. 4273

7-30-12 HJS

61

(Copy.)

Supt.'s No. C-6715.

Filed Railroad Commission, State of California, Oct. 8, 1914.
Charles R. Detrick, Sec. Case No. 450. Ex. —.

This Agreement, made this 26th day of September, 1912, between Southern Pacific Company, a corporation, hereinafter termed Licensor and Producers Transportation Company, a corporation of County of Kern, State of California, hereinafter termed Licensee,

Witnesseth:

1. That the said Licensor hereby grants to the Licensee the privilege to construct, maintain and operate an eight inch iron pipe, hereinafter termed structure, for transporting oil, said structure to be constructed beneath the permanent way and tracks of said Licensor, at or near Cuesta Station, County of San Luis Obispo, and State of California, from a point in the westerly boundary line of permanent way, distant fifty (50) feet westerly from and at right angles to center line of main track of said Licensor's railroad at Engineer Station 8212 plus 34, as now located, and running thence southeasterly across said permanent way and beneath said tracks, not less than three and one-half ($3\frac{1}{2}$) feet below bottom of ties, to a point distant forty-nine (49) feet easterly from said main track center-line opposite Engineer Station 8214 plus 00; thence in a general southeasterly and southerly direction, parallel to and following the present eight (8) inch iron-pipe-line of the Licensee along the curvatures and tangent of the easterly boundary of said permanent way, and distant not more than thirty (30) inches from said easterly boundary of said permanent way, to a point opposite Engineer Station 8259 plus 00 of said main track center-line as now located; thence southeasterly to a point in said easterly boundary of said permanent way opposite said Eng. Sta. 8259 plus 00. As shown in red ink on the blue print map hereto annexed and made part hereof, for the annual consideration of Thirteen and 10/100 Dollars per year, or fractional part of a year in the event of cancelation, as hereinafter provided, payable annually in advance.

2. Licensee hereby acknowledges the title of Southern Pacific Railroad Company, and the leasehold estate of the Licensor, in and to the premises described in this agreement and agrees never to assail or resist said title or leasehold interest.

3. Said Licensee hereby agrees to indemnify and save harmless the Licensor, its lessors and successors from any and all damages, claims, demands and liability whatsoever, growing directly or indirectly out of the construction, reconstruction, maintenance, operation or removal of said structure, and from all damages and liability of whatsoever kind or nature by reason of any injury that may occur to said structure, or to the Licensee, or to the agents, employees, or property of the Licensee, or to the property of the agents or employees of the Licensee by reason of such injury, caused directly

or indirectly by the operation of the railroad of the Licensor or by fires or any other cause whatsoever, whether traceable to negligence of Licensor, or its lessors or successors, agents, or employees, or otherwise.

4. The Licensee and the agents and employes of the Licensee shall have the privilege of entry on said premises for the purpose of making necessary repairs to or changes in said structure, and the licensee agrees to at all times keep said premises in a good and level condition to the satisfaction of the Licensor.

62 5. It is further agreed that at the expiration of said term or any extension thereof, or upon revocation of the privilege hereby granted or upon the cancellation of this agreement, as hereinafter provided, the Licensee shall, at Licensee's own cost and expense, immediately remove said structure and restore said premises, as nearly as possible, to the same state and condition they were in prior to the construction of said structure.

6. Licensee agrees to construct, reconstruct, maintain, operate, remove, alter and make changes in the location of said structure in such manner that it or they will not interfere in any way whatsoever with the operations of said Licensor, its lessors or successors, and that the location of said structure and all work in connection with the construction, reconstruction, maintenance, operation, removal, alteration, and changes in the location of said structure, as hereinafter provided, shall be done and made under the supervision and to the satisfaction of the Licensor, its lessors or successors.

7. It is further agreed that should the Licensor, its lessors or successors at any time require the removal, reconstruction, alteration, or changes in the location of said structure, the Licensee shall, at Licensee's own cost and expense, immediately remove, reconstruct, alter or make changes in the location of said structure upon receiving written notice from Licensor, its lessors or successors.

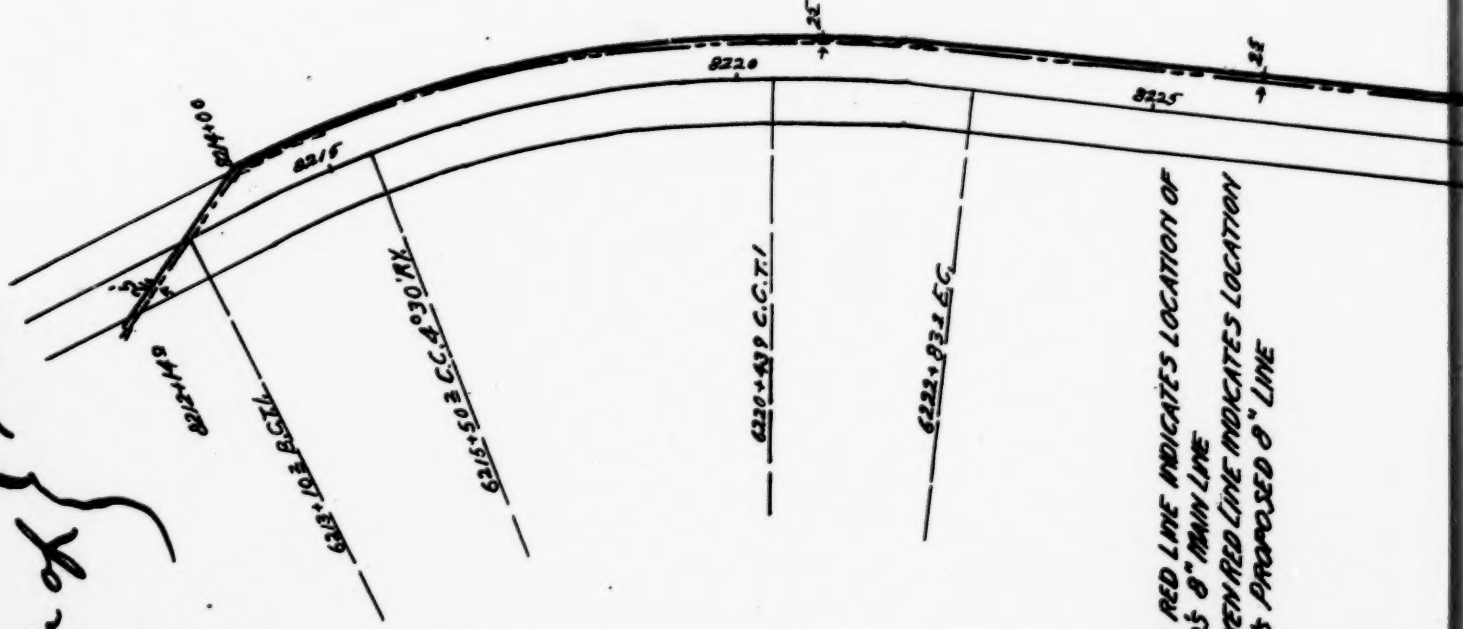
8. It is further agreed that this license is personal to the Licensee, and in case said Licensee shall attempt to assign or transfer the same, in whole or in part, without the written consent of the Licensor, or shall for the period of sixty days continuously fail to use said structure, this license may, by notice from the Licensor to the Licensee, be revoked.

9. It is further agreed and understood that this agreement may be canceled by either party hereto giving thirty days' notice in writing to that effect to the other.

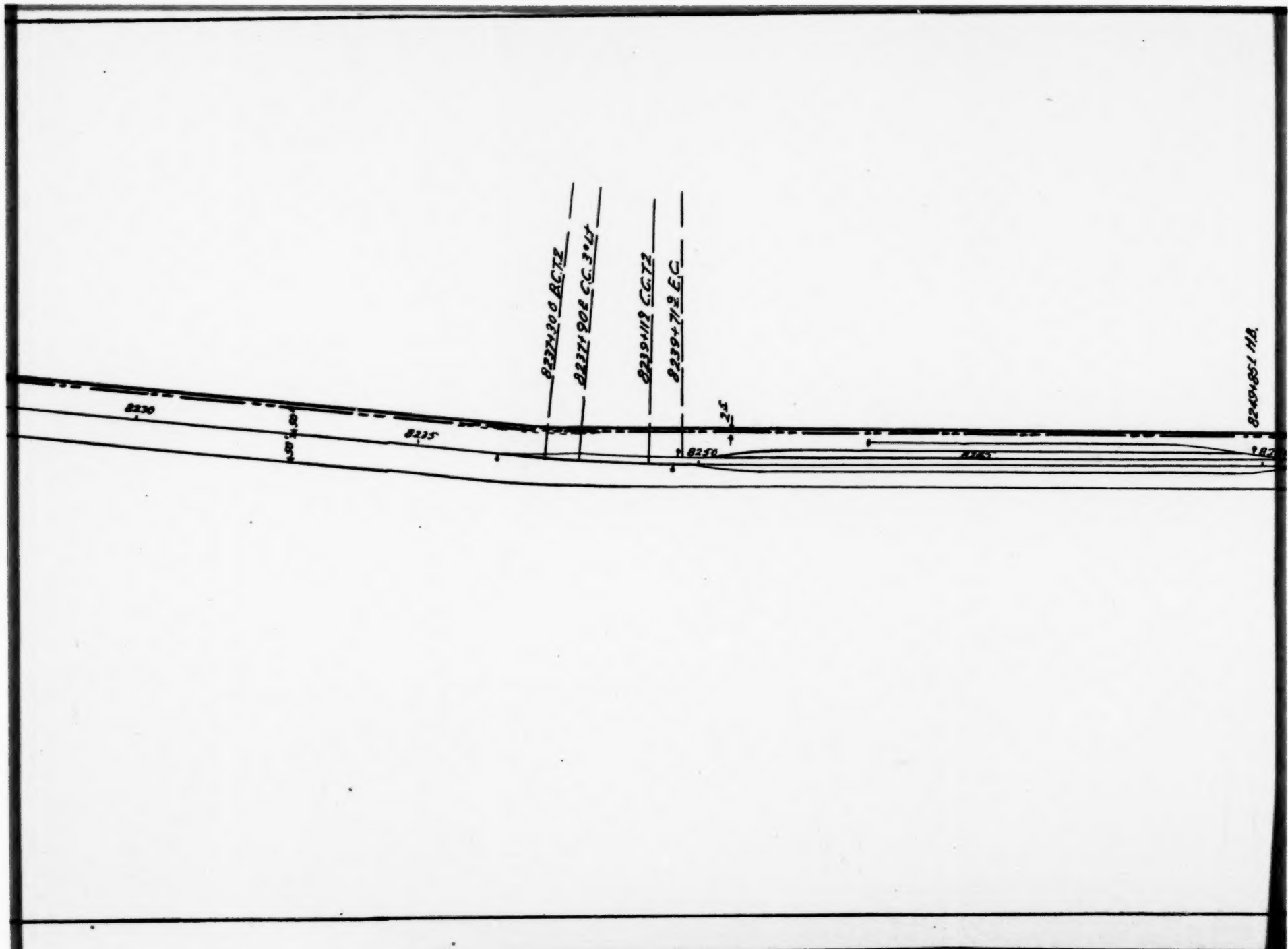
10. Except as otherwise provided herein, the terms and conditions of this agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

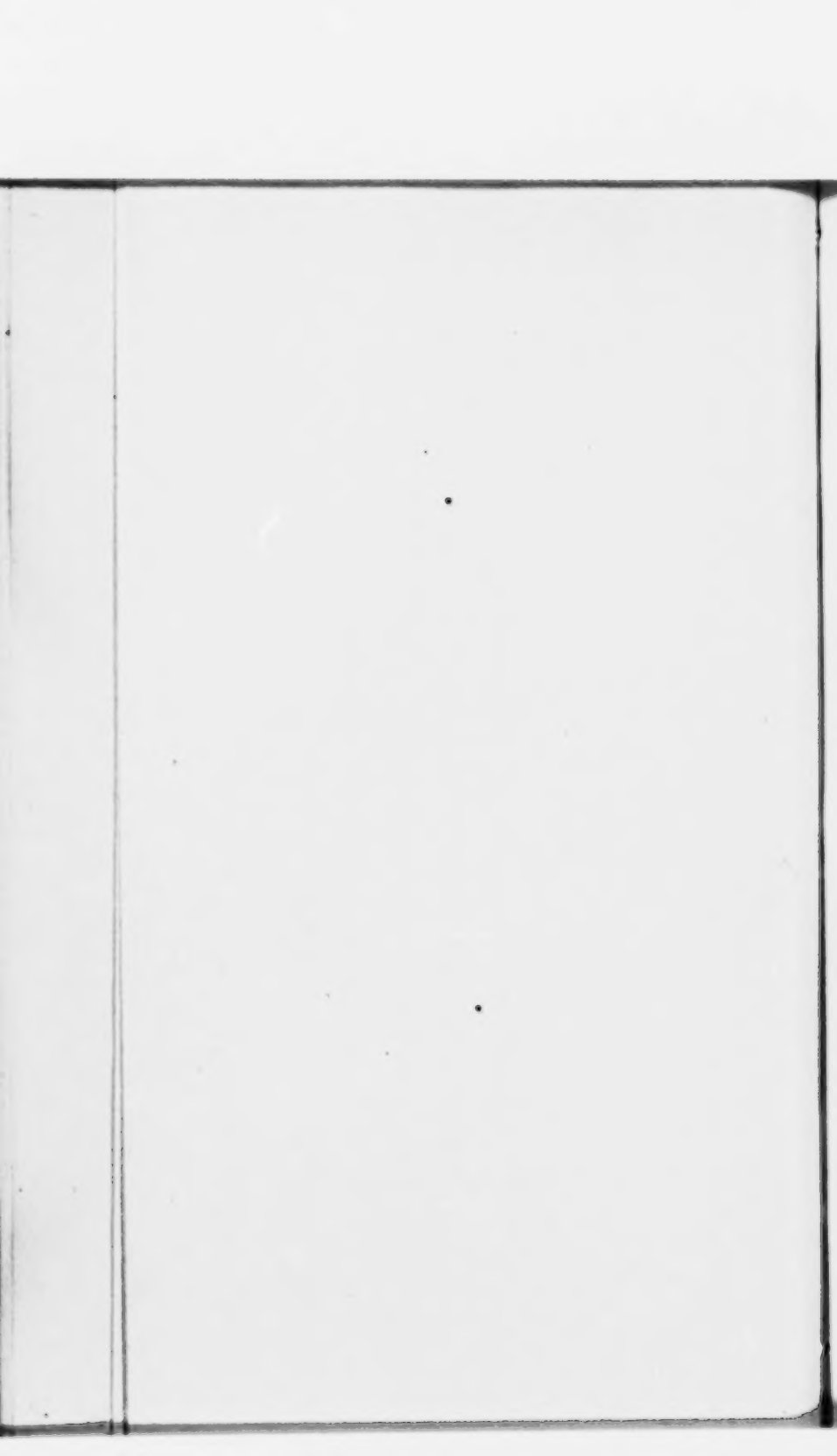
PRODUCERS TRANSPORTATION COMPANY
 PROPOSED PIPE LINE ROUTE ACROSS THE PROPERTY OF
 SOUTHERN PACIFIC R.R. CO.
 CUESTA, SAN LUIS OBISPO CO., CAL.
 SCALE: 1" = 200'

No 659
 Producers T. Co. } P 63
 RR. Corridor of
 Calif. }



NOTE: FULL RED LINE INDICATES LOCATION OF
 P.T. C.O.S. 8" MAIN LINE
 BROWN RED LINE INDICATES LOCATION
 P.T. C.O.S. PROPOSED 8" LINE





In witness whereof, the parties hereto have caused these presents to be executed in duplicate the day and year first herein written.

[SEAL.]

SOUTHERN PACIFIC COMPANY,
By W. R. SCOTT,

General Manager.

[SEAL.]

PRODUCERS TRANSPORTATION CO.,
W. L. STEWART, V. P.,
J. McPEAK,
Assistant Secy.

Witnessed by:

C. A. MARSH.

Checked:

RALPH J. REED.

Description Correct:

H. J. S. H. B. E.

R. M. DRAKE, F. G.,

District Engineer.

Recommended:

J. M. DAVIS, F. G.,

General Superintendent.

(Here follows diagram marked p. 63.)

65 Filed Railroad Commission, State of California, Oct. 8,
1914, Charles R. Detrick, Sec. Case No. 450. Ex. —.

Lease.

This Lease, made and entered into in duplicate this Eighth (8th) day of October, 1913, by and between Southern Pacific Company, a corporation, hereinafter called the "Railroad Company" and Producers Transportation Company, hereinafter called the "Lessee"

Witnesseth: That the Railroad Company, for and in consideration of the covenants and payments hereinafter mentioned to be performed and made by the Lessee, hereby leases unto the said Lessee the following described portion of the station reservation of said Railroad Company at or near Coalinga Station, County of Fresno, State of California, to wit:

Location for oil unloading rack, sample room, oil tank and 2100 feet 4" oil pipe line between engineer stations 2974 90.3 and 2997 12.7.

Said premises being more particularly shown marked Producers Transportation Co. and enclosed within red inked lines upon the blue print hereto attached which is made a part hereof, for the term of One year from the fifteenth (15th) day of July, 1913.

The rent therefor agreed to be paid is Twenty-five and no/100 Dollars (\$25.00) per year, payable yearly in advance.

Lessee hereby acknowledges the title of Southern Pacific Railroad Company, and the leasehold estate of the Railroad Company, in and to the premises described in this lease and agrees never to assail or resist said title or leasehold interest.

Lessee covenants and agrees:

1. That said premises shall be used by Lessee solely and exclusively for maintenance and operation of oil unloading rack, sample room, oil tank and pipe line and that Lessee will pay the rent hereinbefore reserved, and perform, observe and fulfill all other obligations on Lessee's part herein contained.

2. Not to under-lease or sub-let the said leased premises, or any part thereof, or any buildings or structures thereon, or assign this lease or any interest therein, without the written consent of the Railroad Company and satisfactory obligation by the proposed sub-tenant, sub-lessee or assignee, to be bound by all the terms and provisions of this lease first had and obtained.

3. That no building, platform or other structure shall be erected or maintained and no material or other obstruction of any kind or nature shall be placed, stored, stacked or maintained within six (6) feet, measured horizontally, of the outside of nearest track rail, provided, however, that platforms and their appurtenances four (4) feet or less in height, measured vertically from top of nearest track rail, may be placed or maintained at a distance not less than four feet eight inches (4' 8") measured horizontally, from outside of nearest track rail; that no gunpowder, dynamite, gasoline or other explosive material shall be piled or stored or be permitted to be piled or stored upon the premises hereby leased, or on the premises owned,

leased or controlled by the Lessee at any place within one hundred (100) feet of the said leased premises.

4. That any and all buildings and structures erected upon the premises hereby leased shall at all times be kept in safe condition and good repair and satisfactory to the Railroad Company; 66 that the leased premises and buildings and structures erected thereon shall not be used for displaying signs and notices other than those connected with business of Lessee contemplated by this lease. Such notices and signs shall be neat and properly maintained.

5. To pay before the same become delinquent, all taxes, charges, rates and assessments levied upon or against all buildings or structures now being thereon, or that may be hereafter placed thereon during the term of this lease; but the Railroad Company may, at all times, pay and discharge any such lien, encumbrance, tax or assessment, and all such payments made by the Railroad Company will be repaid, on demand, by the Lessee.

6. That no railroad or transportation company or person or persons engaged in transportation other than the Railroad Company shall have the right or be allowed to use any track or tracks upon or extending to any part of the premises hereby leased without the express permission of the Railroad Company.

7. To assume all risk of loss, damage or destruction to buildings or contents, or to any other property brought upon or in proximity to the leased premises by the Lessee, and to any property brought upon the leased premises by any other person with the knowledge or consent of the Lessee, by fire or sparks from locomotive engines, and the Lessee hereby agrees to indemnify and hold harmless the Railroad Company, and its lessors from and against any and all liability, causes of action, claims or demands which any person may hereafter assert, have, claim or claim to have, arising out of or by reason of any such loss, damage or destruction, including any claim, cause of action or demand which any insurer of such building or other property may at any time assert or undertake to assert against the Railroad Company.

8. That no spirituous, malt or vinous liquors or beverages shall be sold, dispensed or given away on the said leased premises during the term of this lease or any holding over or extension thereof.

It is further agreed:

That should the plant upon the demised premises proposed to be operated by the Lessee, or the business hereinbefore proposed to be carried thereon by the Lessee, cease to be operated or carried on by said Lessee at any time during the term of this lease for the period of Sixty (60) days in the aggregate in any year, or should the Lessee fail or refuse to perform or comply with any of the covenants or provisions of this lease, and any such failure or refusal shall continue for the period of thirty days after the Railroad Company shall have given notice thereof to the Lessee, then, and in any such event, the Railroad Company may, at its option, expressed in writing, put an end to the term of this lease; and any such notice shall be sufficiently given, and any such option be sufficiently ex-

pressed if the same shall be mailed in an envelope addressed to the Lessee at the demised premises or left thereat with any person in charge of the same; but any waiver by the Railroad Company of any default or defaults or the right to terminate this lease shall not be deemed or held to be a waiver of the right to terminate the same for a subsequent default or defaults, but notwithstanding such waivers the Railroad Company may terminate this lease upon any subsequent default or defaults which may occur; neither shall the termination of this lease by the Railroad Company in any manner herein provided relieve or release the Lessee from any liability which may have attached or accrued prior to or at the time of such termination, nor from any covenant or obligation of indemnity or to hold the Railroad Company harmless or to pay damages or judgments herein contained.

67 That in case the Lessee holds over the term of this lease by consent of the Railroad Company (unless otherwise expressed in writing) such holding over shall be deemed a tenancy only from month to month.

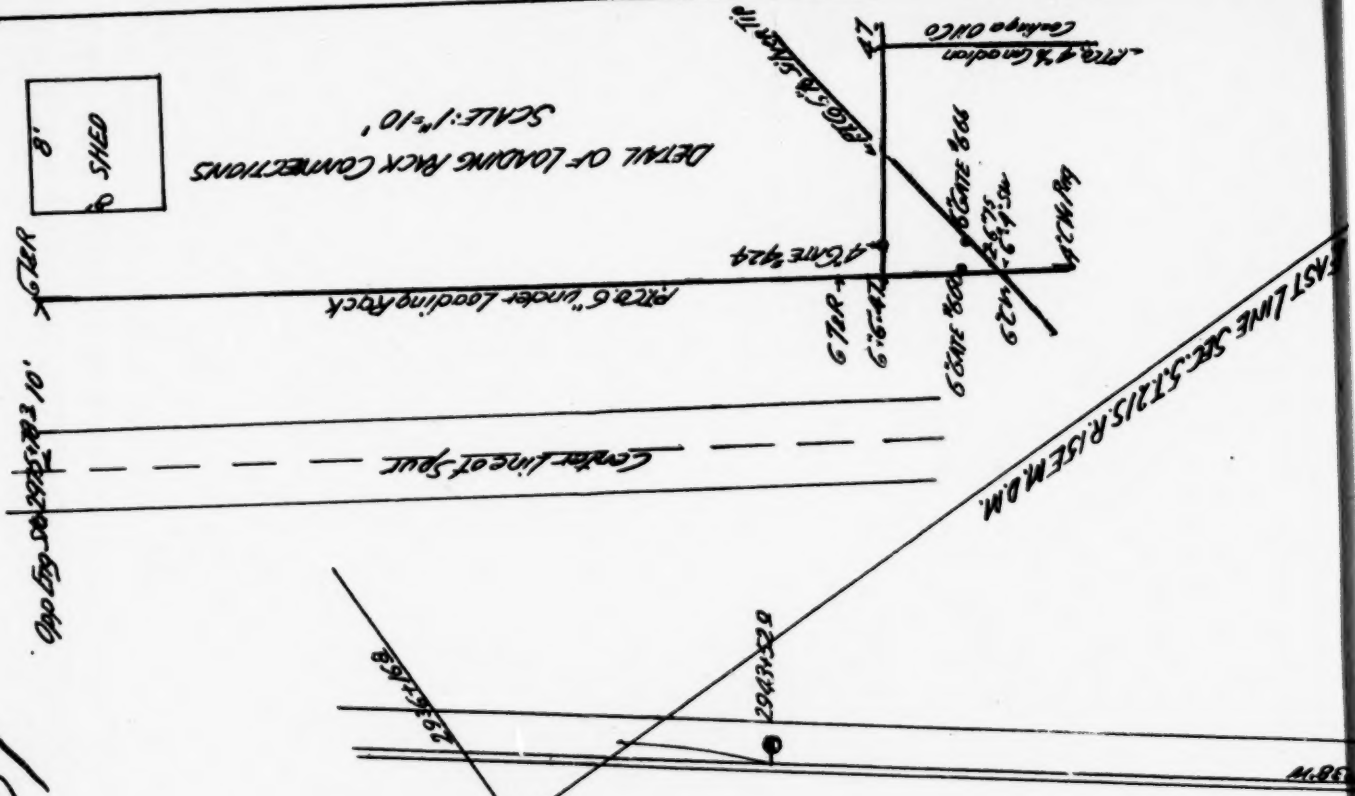
Notwithstanding anything hereinbefore contained, it is nevertheless understood and agreed between the parties hereto that the Railroad Company may at any time during the term aforesaid, or any extension thereof, or holding over thereunder, terminate this lease and the tenancy of the lessee of the premises aforesaid, by Thirty (30) days' notice in writing, and upon payment or tender to said lessee of such a proportion of any rent which may have been paid in advance for the then current year as would otherwise have been applicable to the remainder of such current year next succeeding the termination of said tenancy by the notice herein provided for.

That upon the expiration or termination of this lease or any extension or renewal thereof, or holding over said term, by limitation or in any manner herein provided, the Lessee, upon demand of the Railroad Company, without further notice, shall deliver up to the Railroad Company the possession of the demised premises, and the Lessee shall be entitled within thirty (30) days after such demand to remove from said premises any buildings or structures which may have been placed thereon by the Lessee, except railroad tracks, switches or appliances connected therewith, which may have been placed upon the demised premises or adjacent thereto, which tracks, switches and appliances shall be deemed and held to be the property of the Railroad Company. Upon the refusal or failure of the Lessee to remove from the demised premises the buildings or structures placed thereon by such Lessee within thirty (30) days after such demand of the Railroad Company, then such buildings and structures shall thereupon become and remain the sole property of the Railroad Company and the Railroad Company shall have the right to re-enter upon said demised premises and remove the Lessee, or any person or persons, corporation or corporations claiming by, *thought* or under Lessee therefrom.

That said tank may be maintained and operated above ground, but it shall be built of iron and covered at all times with non-inflam-able material.

PRODUCERS TRANSPORTATION COMPANY
 PIPE LINE ROUTE ACROSS THE PROPERTY OF THE
 SO. PAC. R.
 FRESNO COUNTY
 SCALE: 1"=400'

No. 695
 Producers T. Co. } 969
 R.R. term in of Cal.



SEC. 50.
K. T. &

OLD 60' LINE TO COLINNA STATION -

Proposed Site for 20000 Bbl.
Loading Tanks for Producers
Transportation Co. at Coolidge, Cal.
For details see Drawing No 20271

TO SILVER TIP

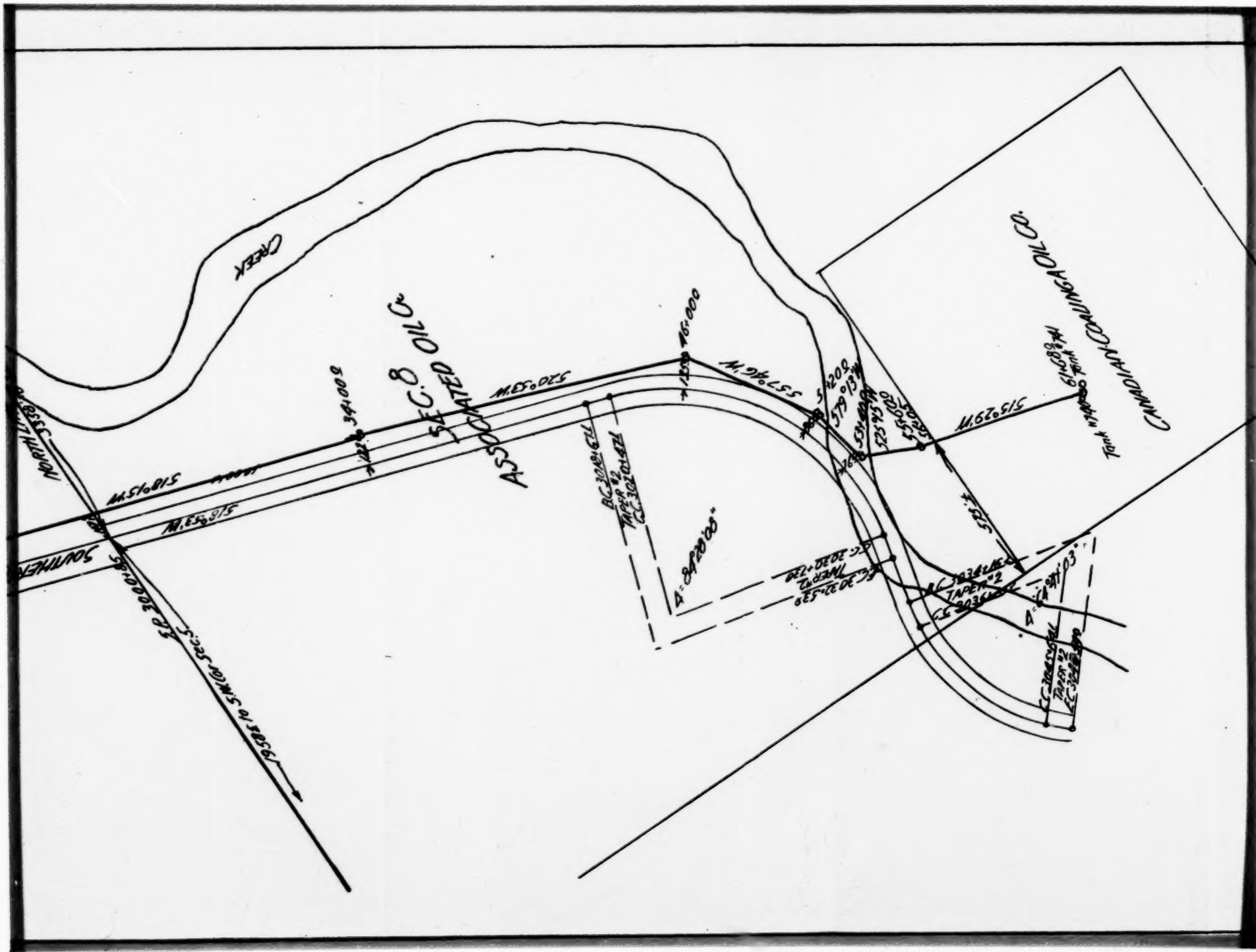
	62981005	62981500	70501
	71500	662981500	70501

$$\Delta = 18.95'$$

12500
5529824250
5529824250

SOUTHERN PACIFIC R.R.

SEMO. M.



20253

RIGHT OF WAY COVERED BY _____

NO DATED

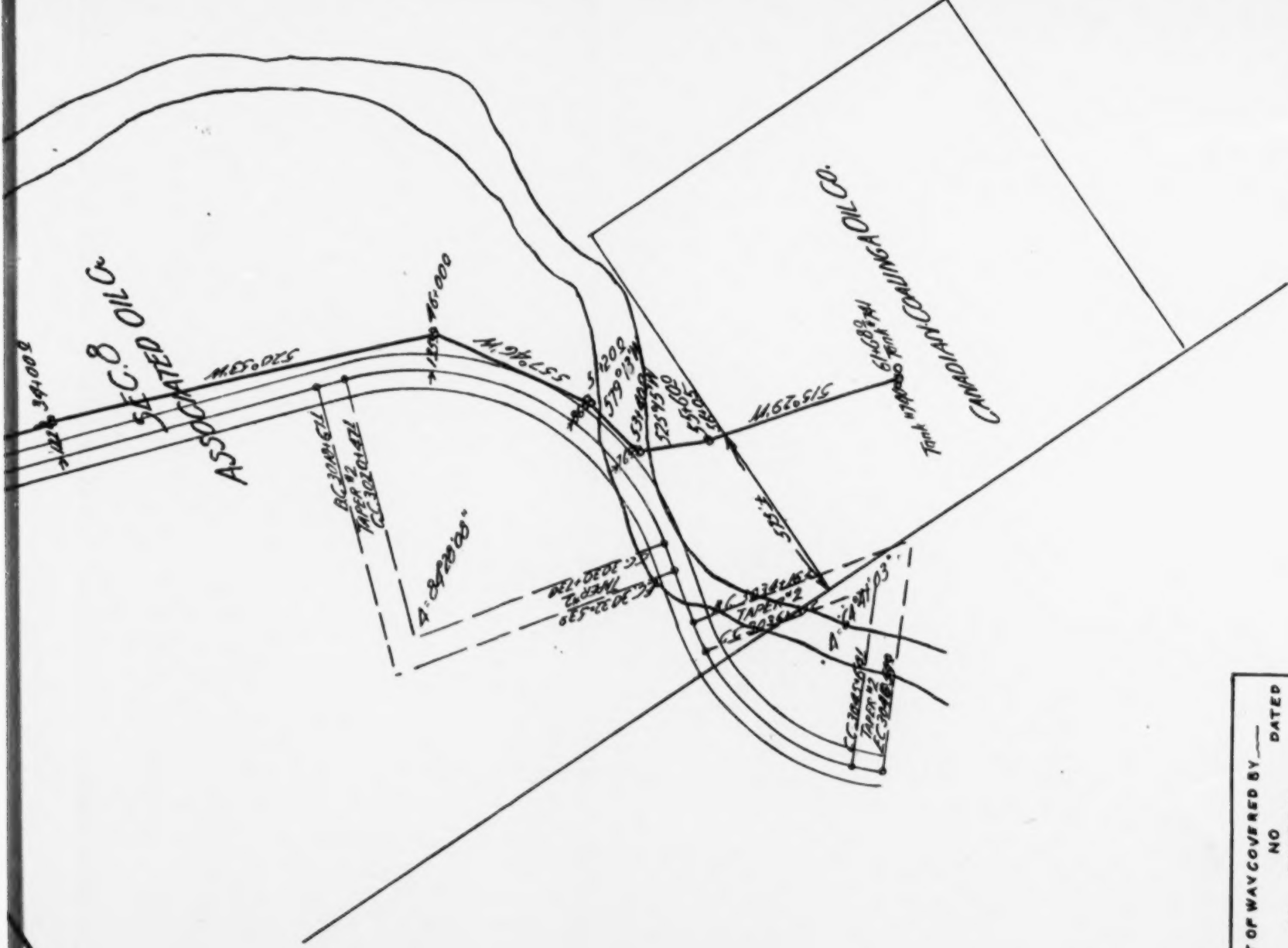
19 EXPIRES

ANNUAL CONSIDERATION

U. O. CO. OF CAL

FILE NO. PAPER NO

10-19-12
10-22-12. Advised M-13 checked by NAB



That said tank, sample room and pipes shall be constructed maintained and operated in such a manner that they will not interfere with the operations of the Railroad Company, and that the location of same and all work in connection with the construction, maintenance and operation of same, shall be done and made under the supervision and to the satisfaction of the Railroad Company.

That no pipe or structure shall be erected or maintained above the surface of the ground within 10 ft. measured horizontally from the center line of nearest track; that the end of any such pipe or structure shall be enclosed in a box which shall be erected and — or maintained flush with the surface of surrounding ground and which shall at all times be kept closed and locked except when any such pipe or structure is actually being used for loading or unloading oil.

That it is further understood and agreed and the lessee hereby promises and agrees that it will indemnify and save harmless the Railroad Company, its lessors and successors, from and against any and all liability or damage which might be suffered by the Railroad Company, growing out of or resulting from said tank, sample room and pipe or any of them, being on and over or on or over the premises hereby leased.

SOUTHERN PACIFIC COMPANY,

By W. R. SCOTT, *General Manager*.

PRODUCERS TRANSPORTATION CO.,

By L. P. ST. CLAIR, *President*,

By GILES KELLOGG, *Secretary*.

Witnesses:

Description Correct:

W. B. DITERAT.

Recommended:

H. V. PLATT.

C. A. M.

Approved as to Form:

WM. F. HEVIN.

M.

Chief Counsel.

29 C. O. K.:

R. J. R., 10/9/13.

(Here follows diagram marked p. 69.)

This Agreement, Made this — day of —, 1909, between —, a corporation having its principal place of business at —, first party, and L. P. St. Clair of Bakersfield, California, H. H. Welsh of Fresno, California, S. W. Morshead of San Francisco, California, and M. V. McQuigg of Los Angeles, California, second parties, Witnesseth, That,

Whereas, the first party is the lessee / owner of certain oil producing lands, situated in the — oil field in the County of — State of California, bounded and particularly described as follows, to wit: —

And Whereas, first party is desirous of obtaining by means of a pipe line system extended to tide water and thence by vessels, permanent and satisfactory facilities for transporting to market the oil which it may produce from said lands; and the second parties contemplate the construction of such pipe line system, provided they secure guarantees and contracts for the transportation of oil sufficient, in their opinion, to justify them in engaging in such undertaking, and second parties can effect advantageous arrangements for transportation of oil, by water, from Port Harford to various ports in California;

Now, Therefore, in consideration of the premises, and of the benefits to be derived by each of the parties hereunder, and of the covenants and agreements herein contained to be kept and performed by the parties hereto respectively, the parties hereto hereby agree as follows:

First. Second parties agree that if they secure the necessary guarantees and assurances and effect the necessary arrangements, they shall, and will on or before September 1, 1909, cause a corporation to be organized, having powers ample for the purpose, to which corporation this contract shall be assigned by them, and which corporation shall and will on or before September 1, 1909, commence the construction of a pipe line system running from such point or points as it deems advisable in said oil district and other oil districts in Fresno and Kern Counties, to tide water at or near Port Harford, California, and also to railway points in proximity to said oil fields, having a minimum carrying capacity of 10,000 barrels of petroleum per day; and that from the time of commencement, the work of constructing said pipe line system shall be prosecuted with diligence to completion, delays occasioned by accidents, the elements, labor troubles or other causes, over which second parties or said corporation have no control, excepted:

The parties hereto particularly agree, however, in case construction work on said proposed pipe line system is not commenced on or before September 1, 1909, that on said date this contract shall cease and become and be null and void, and each of the parties hereto shall thereupon be relieved of all obligations hereunder, but in case the work of constructing said pipe line system is commenced on or before September 1, 1909, then this contract shall remain in full force and effect and be binding upon the parties hereto, and their

successors in interest, for the full term herein specified. On or before completion of said pipe line system, said water transportation arrangements shall be effected.

Second. First party agrees that it will deliver to second parties for transport through said pipe line system hereunder, and that it shall and will cause to be transported through said pipe line system for handling and delivery, as may be directed by first party, all fuel oil produced or obtained by first party, out of and from the oil producing lands above described, at any and all times, during the full period of ten years, commencing February 1, 1910, (or as soon thereafter as oil can be transported through said pipe line system), and ending ten years thereafter; first party further agrees to pay for transporting and for storage of its said oil hereunder, at the rates specified in "Schedule A."

Third. The rules, regulations, terms and provisions of "Schedule A," hereto attached, shall govern and determine the gauging, receiving, handling, storing, transporting (by pipe line, and / or by vessels) and delivery of all oil transported for first party through said pipe line system and the payments to be made by first party, and said "Schedule A" is hereby referred to and each and every part and portion thereof is made a part hereof, and shall be construed in connection with all other portions of this contract.

Fourth. First party hereby grants to second parties the following rights and easements over, through, across, on and upon above described property, to continue for the full term of this contract, and as long thereafter as said rights and easements shall be used and operated, to-wit:

72 (a) To lay, repair, replace, maintain, enlarge and operate, over and through said property, the main pipe line of said system, and any and all laterals or branch lines thereof or therefrom, which they deem necessary or convenient, to the producing wells and gauge tanks of first party, and into territory owned and operated by other parties;

(b) To construct, repair, replace, maintain, enlarge and operate, over and across said premises, telephone and telegraph lines and water lines;

(c) The rights to enter upon said premises by any and all means and through any and all employees, for the purpose of using and enjoying said easements;

(d) The right to remove from said premises at any time any and all property of second parties placed thereon; all of said rights and easements to be used and enjoyed and the property of second parties to be located on said premises with due regard to the proper use of said property by first party for the production of oil therefrom.

Fifth. It is further particularly agreed, in view of the large capital required for the construction of such pipe line system, that all and singular the grants and agreements of the first party herein contained, shall be and are covenants running with the land, binding upon first party and its successors in interest in said property, and in favor of second parties and their assigns, and first party hereby grants to second parties and to their assigns a lien on the above

described lands and on all of its rights and interest therein, to secure the payment by first party, when due, of all charges for transportation and storage of oil and other charges hereunder, and also to secure the faithful and specific performance by first party, and its successors in interest in said property, of all and singular its agreements herein contained, which liens shall continue in force for said term of ten years, and until this contract is fully executed.

Sixth. All rights, benefits and interest arising hereunder in favor of second parties, and all duties to be performed by them shall inure to and bind said corporation to which this contract may be assigned, and shall inure to and bind said second parties as joint tenants, and not as tenants in common, the survivors and survivor of them as such joint tenants, and their successors and assigns.

In Witness Whereof, on the day and year first above written, the first party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary, thereto duly authorized by resolution of its Board of Directors, and the second parties have hereunto set their hands and seals.

By _____,
Its President.

By _____,
Its Secretary.

_____. [SEAL.]
 _____. [SEAL.]
 _____. [SEAL.]
 _____. [SEAL.]

"SCHEDULE A."

So much of the oil produced or controlled by first party as may be required for fuel in carrying on drilling and pumping operations on the lands upon which it is produced, together also with the amount of oil necessary to satisfy and pay royalty, in case there is any royalty to pay, and the same is payable in oil, shall be, and all of such oil is, excepted from the operation of said contract. In the event of any subsisting contracts for the sale of oil, all oil so agreed to be sold and delivered shall not come under the provisions of this contract; a memorandum of such contracts being hereto attached.

All fuel oil to be transported under said contract shall be delivered by first party to second parties in suitable tanks to be provided by and at the sole cost of first party, and to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second parties.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, new gauge tables shall be made as above provided. First party shall keep its tanks in good order at all times to prevent leakage.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second parties for transportation, and second parties shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to them.

All oil is to be received by second parties on the basis of a temperature of 60° F. and a deduction or credit in the volume of oil at the rate of one per cent. for each 20° over or under 60° F. shall be made. Temperature reading to be made at delivery tank at time of delivery.

The expression "fuel oil," as used in said contract and in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel" wherever used herein, means a barrel of forty-two (42) gallons.

The second parties shall not be required to accept for pipe line transportation any oil from first party which is heavier than the average gravity of oil now being produced from said property by first party. It is expected and agreed that second parties will receive for transportation and will transport through said pipe line, oil of varying degrees of density and quality, produced from various properties in said various oil fields, in addition to the property of the first party; that all oil received by second parties for transportation may be commingled with oil received from other territory and other fields, and that the resulting mixture of such oils shall be delivered to and accepted by first party, at the pipe line terminus, as the oil transported for first party by second parties.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second parties shall not be required to receive or transport oil at any time in excess of the carrying capacity of their pipe line or pipe line equipment. In case, at any time, the amount of oil offered second parties for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for transportation through said pipeline system, shall be prorated in proportion to the amount of oil offered by each such producer.

73 Whenever first party shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of second parties and the second parties shall thereupon, within forty-eight hours after receiving said notice, gauge, test, and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run,

gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material.

Second parties when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of first party into the main pipe line of second parties that such oil be pumped, the first party shall furnish, at its own expense, pumps under specifications of second parties, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that they shall not be obliged to pump against a pressure of more than 600 pounds.

Second parties shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accident, labor troubles, or other causes not under their control.

First party agrees to pay second parties for transporting its oil through said pipe line system at the rate of 22½ cents per barrel for all oil delivered to second parties for transportation to tide water at or near Port Harford, and at the rate of 2½ cents per barrel for all oil delivered to second parties for transportation to f. o. b. cars at point on pipe line most convenient to pipe line company.

In case second parties shall at any time store oil for first party, they shall charge, and first party shall pay, for such storage at the rate of one cent per barrel per month, if stored anywhere excepting in earthen reservoir, and for oil stored in earthen reservoir at the rate of two cents per annum, per bbl. All storage charges shall be calculated on the basis of oil on hand on the first of each calendar month. No charge will be made for the following amounts of oil:

- (a) Sufficient oil to fill main oil pipe line;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said main pipe line system;
- (c) Sufficient oil to fill all tank ships and boats employed in this service.

Second parties shall charge, and first party shall pay, the charges hereinbelow stated for transportation of oil by boats from Port Harford; these charges including dockage, wharfage and all port charges, and are for cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch. The second parties shall supply sufficient water transportation to permit of the transporting of said oil from Port Harford to the various points mentioned below:

Port Harford to Eureka	\$20
" " " San Francisco Bay Points .....	.10
" " " San Diego .....	.12½
" " " San Pedro .....	.10
" " " Santa Barbara .....	.07½
" " " Ventura .....	.10
" " " Hueneme .....	.10

Water transportation hereunder will at all times be limited to available capacity of boats in service, which are under lease or are contracted for by second parties.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accidents, from fire or other causes, and shall be borne pro rata by all oil handled by second parties. Storage of oil by second parties herein will be at their discretion and at all times limited to their available storage facilities.

First party agrees that it shall and will upon the 20th day of each month pay second parties in full for all the following charges:

(a) All amounts due pipe line transportation of all oil delivered to second parties by first party during the preceding calendar month;

(b) All amounts due for transportation of oil in vessels during said preceding calendar month; and

(c) All amounts due for storage of oil during said preceding calendar month.

Resolution of Board of Directors.

"Whereas it has been proposed for this Company to enter into a contract for the pipeage and transportation of its oil for a period of ten (10) years, under contract with L. P. St. Clair, H. H. Welsh, S. W. Morshead and M. V. McQuigg, a copy of which contract has been submitted to and read and duly considered by this Board of Directors, and it is deemed for the best interests of this Company that it enter into said contract;

Now, Therefore, be it resolved that this Company enter into said contract and that the President and Secretary of this Company be and they are hereby instructed, authorized and empowered for and on behalf of this Company, in its name, under its seal and as its act and deed, to execute said contract between this Company and said L. P. St. Clair, H. H. Welsh, S. W. Morshead and M. V. McQuigg."

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Board of Directors of —, adopted at a regular meeting of said Board of Directors, due notice whereof was given to all of the Directors of said Company, at which meeting the majority of the Directors were present and voted, and that said resolution was adopted by the unanimous vote of the Directors present, that said resolution has been recorded in the minutes of said meeting of said Board and is now in full force and effect; and I hereby further certify that the foregoing contract for the pipeage and transportation of oil, to which this certificate is attached, is the contract referred to in said resolution and which was read, considered by and acted upon by said Board of Directors.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said corporation this — day of —, 1909.

Secretary of the said Corporation.

74 [Endorsed:] Contract for Pipeage and Transportation of Oil. ——— with L. P. St. Clair, H. H. Welsh, S. W. Morshead and M. V. McQuigg. Dated ———, 1909.

75

EXHIBIT B.

This agreement, Made this 11th day of June, 1909, between Independent Oil Producers Agency, a corporation having its principal place of business at Bakersfield, Kern County, California, first party, and S. W. Morshead of Coalinga, California, second party,

Witnesseth, that,

Whereas, the first party has and will have control of the production of certain oil producing lands, situated in the County of Kern and elsewhere in the State of California, for the purposes of handling transportation, storage and sale.

And whereas, first party is desirous of obtaining by means of a pipe line system extended to tide water and thence by vessels, permanent and satisfactory facilities for transporting to market the oil which it may have for said purposes;

Now, therefore, in consideration of the premises, and of the benefits to be derived by each of the parties hereunder, and of the covenants and agreements herein contained to be kept and performed by the parties hereto respectively, the parties hereto hereby agree as follows:

First. Second party agrees that on or before September 1, 1909, a corporation will be organized, having powers ample for the purpose, to which corporation this contract shall be assigned, and which corporation shall and will on or before September 1, 1909, commence the construction of a pipe line system running from such point or points as it deems advisable in said oil district and other oil districts

76 in Fresno and Kern Counties, to tide water at or near Port Harford, California, and also to railway points in proximity to said oil fields, having a minimum carrying capacity of 10,000 barrels of petroleum per day; and that from the time of commencement, the work of constructing said pipe line system shall be prosecuted with diligence to completion, delays occasioned by accidents, the elements, labor troubles or other causes, over which second party or said corporation have no control, excepted;

The parties hereto particularly agree, however, in case construction work on said proposed pipe line system is not commenced on or before September 1, 1909, that on said date this contract shall cease and become and be null and void and each of the parties hereto shall thereupon be relieved of all obligations hereunder, but in case the work of constructing said pipe line system is commenced on or before September 1, 1909, then this contract shall remain in full force and effect and be binding upon the parties hereto, and their successors in interest, for the full term herein specified.

Second. First party agrees that it will deliver to second party for transport through said pipe line system hereunder, and that it shall and will cause to be transported through said pipe line system for handling and delivery, as may be directed by first party, all fuel

oil obtained and handled by first party at any and all times, during the full period of ten years, commencing February 1, 1910, (or as soon thereafter as oil can be transported through said pipe line system), and ending ten years thereafter; first party further agrees to pay for transporting and for storage of its said oil hereunder at the rates specified in "Schedule A."

77 Third. The rules, regulations, terms and provisions of "Schedule A," hereto attached, shall govern and determine the gauging, receiving, handling, storing, transporting (by line {and} by vessels) and delivery of all oil transported for first party {or }

through said pipe line system and the payments to be made by first party, and said "Schedule A" is hereby referred to and each and every part and portion thereof is made a part hereof, and shall be construed in connection with all other portions of this contract;

Fourth. First party hereby grants to second party the following rights and easements over, through, across, on and upon all property owned, leased or controlled by it, to continue for the full term of this contract, and as long thereafter as said rights and easements shall be used and operated, to-wit:

(a) To lay, repair, replace, maintain, enlarge and operate, over and through said property, the main pipe line of said system, and any and all laterals or branch lines thereof or therefrom, which they deem necessary or convenient, to the producing wells and gauge tanks of first party, and into territory owned and operated by other parties;

(b) To construct, repair, replace, maintain, enlarge and operate, over and across said premises, telephone and telegraph lines and water lines;

(c) The rights to enter upon said premises by any and all means and through any and all employes, for the purpose of using and enjoying said easements;

(d) The right to remove from said premises at any time any and all property of second party placed thereon; all of said rights and easements to be used and enjoyed and the property of second party to be located on said premises with due regard to the proper use of said property by first party for the production of oil therefrom.

78 Fifth. It is further particularly agreed, in view of the large capital required for the construction of such pipe line system, that all and singular the grants and agreements of the first party herein contained, shall be and are covenants running with the land, binding upon first party and its successors in interest in said property, and in favor of second party and his assigns, and first party hereby grants to second party and to his assigns a lien on the above described land and on all of its rights and interests therein, to secure the payment by first party, when due, of all charges for transportation and storage of oil and other charges hereunder, and also to secure the faithful and specific performance by first party, and its successors in interest in said property, of all and singular its agree-

ments herein contained, which liens shall continue in force for said term of ten years, and until this contract is fully executed.

Sixth. All rights, benefits and interest arising hereunder in favor of second party, and all duties to be performed by him shall inure to and bind said corporation to which this contract may be assigned, and shall inure to and bind said second party and his assigns.

In witness whereof, on the day and year first above written, the first party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary, thereto duly authorized by resolution of its Board of Directors, and the second party has hereunto set his hand and seal.

INDEPENDENT OIL PRODUCERS AGENCY,

By its President, _____

By its Secretary, _____

[SEAL.]

79

"SCHEDULE A."

All fuel oil to be transported under said contract shall be delivered by first party to second party in suitable tanks to be provided by first party, and to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second party.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, new gauge tables shall be made as above provided. First party shall keep its tanks in good order at all times to prevent leakage.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second party for transportation, and second party shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to them.

All oil is to be received by second party on the basis of a temperature of 60° F. and a deduction or credit in the volume of oil at the rate of one per cent for each 20° over or under 60° F. shall be made. Temperature reading is to be made at delivery tank at time of delivery.

The expression "fuel oil" as used in said contract and in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel" wherever used herein, means a barrel of forty-two (42) gallons.

The second party shall not be required to accept for pipe line

transportation any oil from first party which is heavier than the average gravity of oil now being produced on the property from which delivery is to be made. It is expected and agreed that second party will receive for transportation and will transport through said pipe line, oil of varying degrees of density and quality, produced from various properties in said various oil fields, in addition to the property of the first party; that all oil received by second party for transportation may be commingled with oil received from other territory and other fields, and that the resulting mixture of such oils shall be delivered to and accepted by first party at the pipe line terminus, as the oil transported for first party by second party.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second party shall not be required to receive or transport oil at any time in excess of the carrying capacity of their pipe line, or pipe line equipment. In case, at any time, the amount of oil offered second party for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for
81 transportation through said pipe line system, shall be prorated in proportion to the amount of oil offered by each ship-

per:

Whenever first party shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of second party and the second party shall thereupon, within forty-eight hours after receiving said notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material;

Second party when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of first party into the main pipe line of second party that such oil be pumped, the first party shall furnish, at its own expense, pumps under specifications of second party, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that they shall not be obliged to pump against a pressure of more than 600 pounds.

Second party shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accidents, labor troubles, or other causes not under their control.

82 First party agrees to pay second party for transporting its oil through said pipe line system at the rate of 22½ cents per barrel for all oil delivered to second party for transportation to tide

water at or near Port Harford, and at the rate of $2\frac{1}{2}$ cents per barrel for all oil delivered to second party for transportation to f.o.b. cars at point on pipe line most convenient to pipe line company.

In case second party shall at any time store oil for first party, he shall charge, and first party shall pay, for such storage at the rate of one cent per barrel per month, if stored anywhere excepting in earthen reservoir, and for oil stored in earthen reservoir at the rate of two cents per annum per bbl. All storage charges shall be calculated on the basis of oil on hand on the first of each calendar month. No charge will be made for the following amounts of oil:

- (a) Sufficient oil to fill main oil pipe line;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said main pipe line system;
- (c) Sufficient oil to fill all tank ships and boats employed in this service.

Second party shall charge, and first party shall pay, the charges hereinbelow stated for transportation of oil by boats from Port Harford; these charges including dockage, wharfage and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch. The second party shall supply sufficient water transportation to permit of the transporting of said oil from Port Harford to the various points mentioned below:

Port Harford to Eureka.....	\$.20
“ “ “ San Francisco Bay Points .....	.10
“ “ “ San Diego .....	.12½
“ “ “ San Pedro .....	.10
“ “ “ Santa Barbara .....	.07½
“ “ “ Ventura .....	.10
“ “ “ Hueneme .....	.10

83 Water transportation hereunder will at all times be limited to available capacity of boats in service, which are under lease or are contracted for by second party.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accidents, from fire or other causes, and shall be borne pro rata by all oil handled by second party. Storage of oil by second party herein will be at his discretion and at all times limited to his available storage facilities.

First party agrees that it shall and will upon the 20th of each month pay second party in full for all of the following charges:

- (a) All amounts due for pipe line transportation of all oil delivered to second party by first party during the preceding calendar month;
- (b) All amounts due for transportation of oil in vessels during said preceding calendar month; and
- (c) All amounts due for storage of oil during said preceding calendar month.

Resolution of Executive Committee of Board of Directors.

"Whereas it has been proposed for this Company to enter into a contract for the pipage and transportation of its oil for period of ten (10) years, under contract with S. W. Morshead—a copy of which contract has been submitted to and read and duly considered by the Executive Committee of the Board of Directors, and it is deemed for the best interests of this Company that it enter into said contract:

Now, Therefore, be it resolved that this Company enter into said contract and that the President and Secretary of this Company, be and they are hereby instructed, authorized and empowered for and on behalf of this Company, in its name, under its seal and as its act and deed, to execute said contract between this Company and said S. W. Morshead.

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Executive Committee of Board of Directors of Independent Oil Producers Agency, Adopted at a regular meeting of said Executive Committee, due notice whereof was given, at which meeting all of the members of said Executive Committee were present and voted, and that said resolution was adopted by the unanimous vote of the members of said Executive Committee present, that said resolution has been recorded in the minutes of said meeting and is now in full force and effect; and I hereby further certify that the foregoing contract for the pipage and transportation of oil to which this certificate is attached, is the contract referred to in said resolution and which was read, considered by and acted upon by said Executive Committee.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said corporation this 15th day of June, 1909.

Secretary of Said Corporation.

For Value Received I hereby sell, assign, transfer — set over unto Producers Transportation Company, all my right Title and interest in and to the foregoing contract.

Witness My Hand this 15th day of June, 1909.

_____. [SEAL.]

85 Whereas the President has reported that pursuant to resolution and direction of the Executive Committee, a contract entered into by and on behalf of this corporation as first party, and S. W. Morshead of San Francisco, California, as second party, dated June 11, 1909, whereby this corporation agreed that it shall and will cause to be transported through pipe line system, to be constructed under said contract, from Port Harford, California to Oil Fields in Kern and Fresno Counties, California, of all the oil obtained and handled by this corporation for a period of Ten (10) years com-

mencing February 1, 1910, and that this corporation should pay for transporting and for storage of oil and that said oil should be handled through said pipe line at the rates and under the rules and regulations, terms and provisions of said contract, all of which more fully appear from said contract, and

Whereas it was agreed that said contract should be assigned by said Morshead to a corporation having powers ample for all of the purposes of constructing said pipe line system and carrying out said contract, and

Whereas said contract has been assigned by said Morshead to the Producers Transportation Company, and

Whereas said contract has been read by and fully considered by this Board of Directors,

Now, Therefore, be it resolved that the act of the Executive Committee in authorizing the execution of said contract, and also the act of the President and Secretary of this Company in executing said contract be and each of said acts are hereby ratified, confirmed and approved;

Resolved Further, that said contract be, and the same is hereby ratified, confirmed, approved and acknowledged to be the act, 86-87 deed and contract of this corporation, the Independent Oil Producers Agency.

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Board of Directors of Independent Oil Producers Agency, adopted at a meeting of said Board of Directors held Thursday, June 24, 1909, due notice of which meeting was given to each of the Directors of said corporation in all respects as provided by the By-laws of said corporation; that the majority of the Directors of said corporation were present and voting at said meeting; that the roll of Directors was called on the question of the adoption of said resolution and that said resolution was adopted by the unanimous vote of the Directors of said corporation present at said meeting; that said resolution has been recorded in the minutes of said meeting and is now in full force and effect;

And I hereby further certify that the foregoing contract for the pipage and transportation of oil to which this certificate is attached is the contract referred to in said resolution, and which was read, considered by and ratified by said Board of Directors.

In Witness Whereof I have hereunto set my hand and affixed the seal of said corporation this 24th day of June, 1909.

*Secretary of Independent Oil Producers,
Agency, the said Corporation.*

88

EXHIBIT C.

Agreement Between Coalinga Oil Producers Agency and Independent Oil Producers Agency and Union Oil Company of California.

June 24, 1909.

89

Preamble.

This agreement, made this 24th day of June, 1909, by and between Coalinga Oil Producers' Agency, a corporation, having its principal place of business at Coalinga, Fresno County, California, first party, and Independent Oil producers' Agency, a corporation, having its principal place of business at Bakersfield, Kern County, California, second party, and the Union Oil Company of California, a corporation, having its principal place of business at Oleum, Contra Costa County, California, third party.

First Party to Agreement.

Witnesseth: that

Whereas, first party holds sales contracts from various oil producers owning and leasing oil producing lands in the Coalinga oil fields in Fresno County, California, under which contracts first party has the sole and exclusive right for a period of ten years to handle and sell the oil which shall be produced from the various tracts of land owned and leased by the producers respectively (parties to said sales contracts), as will more fully appear from said sales contracts, all of which contracts contain the terms and are otherwise the same excepting as to names, dates, production and description of property, as the form thereof contained in "Exhibit No. 1" hereto attached, which exhibit also contains a description of the tracts of land covered by said sales contracts respectively, and the names of the various producers who have executed said sales contracts, and
90 who are operating on said tracts respectively. There is now being produced from said tracts of land, in the aggregate, about 6000 barrels of oil per day; and,

Second Party to Agreement.

Whereas, second party holds sales contracts from various oil producers owning and leasing oil producing lands in the Kern River, McKittrick, Midway and Sunset oil fields in Kern County, California, under which contracts second party has the sole and exclusive right for a period of ten years to handle and sell the oil which shall be produced from the various tracts of land owned and leased by the producers respectively (parties to said sales contracts), as will more fully appear from said sales contracts all of which contracts contain the terms and are otherwise the same, excepting as to names, dates, production and description of property, as the form thereof

contained in "Exhibit No. 2" hereto attached, except where otherwise noted in said "Exhibit No. 2," which exhibit also contains a description of the tracts of land covered by said sales contracts respectively, and the names of the various producers who have executed said sales contracts, and who are operating on said tracts respectively. There is now being produced from said tracts of land, in the aggregate, about 14,000 barrels of oil per day; and,

Third Party to Agreement.

Whereas, third party holds contracts with various parties in the State of California for the purchase by it of oil and for it to handle oil to be produced from divers tracts of land, not owned by it or under lease to it, which contracts are not uniform in either terms or time of duration, but all of which contracts third party is obligated to carry out; and,

Pipe-line Contracts.

Whereas, first party and second party are each obligated
91 to transport all fuel oil produced from each of the tracts of land covered by their respective sales contracts, and all other oil obtained and handled by them respectively from any and all of the oil fields and oil producing territory in said Coalinga, McKittrick, Midway, Sunset and Kern River oil fields through and by means of oil pipe line system to be constructed from said oil fields to Port Harford, California, or to railway points in proximity to said oil fields, for the period of ten years, commencing February 1st, 1910, at the price and under the rules set forth in pipe line contracts with the Producers' Transportation Company, each of which is similar in form to copy of pipe line contract hereto attached marked "Exhibit No. 3," and,

Whereas, being anxious to secure the benefits of the marketing facilities of third party, the first party and the second party each desires to effect arrangements whereby all fuel oil which may be produced by each of them, and by the producers under sales contracts with each of them, and all fuel oil each of them may obtain, handle or control during the period of ten years commencing February 1st, 1910, and ending February 1st, 1920, shall all be handled, marketed and sold by the third party;

Now, therefore, in consideration of the premises, and of the covenants and agreements herein contained to be kept and performed by the parties hereto respectively, the parties hereto hereby agree as follows:

First.

Third Party Sales Agent.

(a) First party hereby appoints third party its exclusive sales agent and hereby grants to third party the sole and exclusive right and authority to handle, market and sell all of the fuel

92 oil which the first party, and all and singular the producers who have entered into sales contracts with it, shall produce from any and all of the various tracts of oil producing territory owned, leased or controlled by them respectively in the Coalinga oil fields, or elsewhere in the State of California, referred to in "Exhibit No. 1," together also with all fuel oil which first party may purchase, handle, control, or have the selling of at any and all times for and during the full period of ten years commencing February 1st, 1910, and ending February 1st, 1920.

(b) Second party hereby appoints third party its exclusive sales agent and hereby grants to third party the sole and exclusive right and authority to handle, market and sell all of the fuel oil which second party, and all and singular the producers who have entered into sales contracts with it, shall produce from any and all of the various tracts of oil producing territory owned, leased or controlled by them respectively in Kern River, McKittrick, Midway and Sunset oil fields or elsewhere in the State of California, referred to in "Exhibit No. 2," together also with all fuel oil which second party may purchase, handle, control or have the selling of at any and all times for and during the full period of ten years commencing February 1st, 1910, and ending February 1st, 1920.

Will Maintain Production.

(c) First party and second party each hereby agrees that it shall and will use its best endeavors to maintain the aggregate daily production of oil from the tracts of land operated by it and by the producers who have entered into sales contracts with it, fully up to the amount hereinabove specified and to that end that it will take
 93 all necessary steps to require and cause development work, pumping and drilling to be prosecuted diligently in all respects as provided in and required by said sales contracts which it has with the various producers, all of which oil shall be delivered to and handled by third party hereunder, at all times during said term of ten years.

* Pipe-line to Handle.

(d) All fuel oil handled by third party, hereunder which shall be produced, obtained, or in any way secured or handled by first party, or which shall be produced, obtained, or in any way secured or handled by second party from the Coalinga, Midway, McKittrick, Sunset or Kern River Oil Fields, shall be transported through or by means of said pipe line system to be constructed by the Producers' Transportation Company from Port Harford to said oil fields or to said railway points in proximity to said oil fields in accordance with and in fulfillment of the said pipe line obligation of first party and second party.

Second.

Third party hereby undertakes to handle, sell and dispose of all of said fuel oil and agrees that it shall and will use its best endeavors to secure the highest market price for all of said oil and that it will make as prompt sales thereof as the conditions of the market will warrant.

Third.

Union Contracts are Part.

That the first and second parties hereto shall have the benefit of any and all sales contracts of third party for the sale of oil in the State of California, which shall be in force on February 1st, 1910, whereby other parties (not parties to this contract) agree to purchase fuel oil from third party, and it is particularly understood 94 that all such contracts for the sale of fuel oil by the third party, which shall not have been fully performed by the third party prior to February 1st, 1910, shall on said date become and be sales contracts under this agreement, and all oil required to be delivered under each and all such sales contracts shall be taken and delivered from the oil to be produced and handled under this agreement, and the proceeds from all oil delivered under such sales contracts shall be treated in all respects as are the proceeds of all other sales made hereunder.

Fourth.

Pipe-line Charges.

(a) It is agreed between the parties hereto that all and singular the rules, regulations and provisions of Schedule "B" hereto attached, shall govern the gauging, receiving and handling of oil hereunder, and that third party may charge and shall be paid for transporting oil in pipe lines owned, leased, operated or contracted for, by it, or through which it may pipe said fuel oil, in accordance with the schedule of pipe line charges in said Schedule "B."

Boat Charges.

(b) It is further agreed that all and singular the rules, regulations and provisions of Schedule "C" hereto attached shall govern the handling and transporting of oil by boats, and that third party may charge and shall be paid for transporting oil by vessels owned, leased, operated, controlled or contracted for by it, in accordance with the schedule of water transportation charges contained in said Schedule "C."

Storage.

(c) It is further agreed that all unsold oil shall at all times be stored by first party and second party respectively, in their own storage tanks or reservoirs in the field, or at their expense wherever the same may be. All oil, after the same has been delivered to third party and prior to the sale and delivery thereof to purchasers, shall be held and stored at the charges and under and subject to all and singular the rules, regulations and terms of Schedule "D" hereto attached.

Schedules are Part.

(d) Said Schedule "B," Schedule "C" and Schedule "D," which are hereto attached, are, and each of said schedules is, hereby referred to and the same and each and every part and portion of each and all of said schedules is made a part hereof and shall be construed in connection with all other portions of this contract.

Fifth.

Charge for Selling.

As compensation and commission for marketing and selling said oil hereunder, and for guaranteeing payment for all oil which it shall sell hereunder, and also for use of its terminal facilities at various shipping and receiving stations, the third party agrees to accept, and the first party and second party hereby agree to pay to third party therefor an amount equal to ten per cent of the net amount received for all oil, which is included in, referred to or mentioned in sections "a" and "b" of paragraph "First" of this agreement, which shall be sold between February 1, 1910, and February 1, 1920. On the 20th day of each month payment shall be made of such commission and compensation, computed on all oil sold and delivered during the preceding calendar month, which payment shall be in addition to all amounts paid third party for storage and transportation of fuel oil.

Sixth.

Fuel Expected.

Third party shall have the right at all times to use any and all of said oil it may require or desire for fuel at pumping stations along pipe lines and on ships or boats, also for refinery purposes in any and all of its refineries, and shall pay therefor on the basis of the average net price per barrel at the wells received by first and second parties for fuel oil sold during the month for which settlement is made.

Seventh.

Residuum Included.

In making settlements between the parties hereto, all residuum or other products of refineries, which is handled and sold hereunder as fuel oil, shall be considered and treated in all respects as having been shipped direct from the wells to the point of delivery under sale by third party; and pipeage and transportation charges shall be computed on all such fuel oil from the field of original production to the point of sales delivery hereunder, in all respects as though such oil had been transported direct from the wells and had not passed through the refinery.

Eighth.

All Oil Same Value.

Each and every barrel of fuel oil sold and delivered each month by third party under this contract, as between and among the parties hereto, shall be considered to be equal in value, at the wells, to every other barrel of such oil sold and delivered by third party during the same month; and all accountings and settlements shall be made by pro-rating the "producers' net proceeds" (as the same is hereafter defined) of all such fuel oil sold and delivered by third party, each month among the first and second parties, in proportion to: "a" the amount of fuel oil delivered to third party by said parties respectively during such month, and "b," the amount of oil held in storage for said parties respectively on the first day of each month.

97

Ninth.

Books.

Third party shall keep a separate set of books in which shall be kept a record of all oil received, transported, handled, stored, sold and delivered, and of all other transactions arising under this contract. Said books shall at all times be open to the inspection of each and all of the members of the Arbitration Committee (hereafter provided for) and of any duly authorized representative of first or second parties.

Tenth.

Statement on the 15th.

(a) On the 15th day of each month third party shall render a written statement showing the quantity of all such fuel oil received and handled, also the quantity of all such oil sold and delivered by it hereunder during the preceding calendar month, and the proportion of such oil received by it in such month which was supplied by

each of the several parties under contract to sell oil to or through third party (other than parties to this contract; said statement shall also contain itemized accounts of sales, also charges for pipeage, transportation and storage and other charges, also a statement of oil used by third party for fuel or in its refineries during such month.

Statement on the 20th.

(b) On the 20th day of each month, third party shall make payment of all amounts due first and second parties for their full amount of the "producers' net proceed" (as hereafter defined) of fuel oil sold and delivered hereunder by third party during the preceding calendar month, together also with all amounts due first and second parties for oil purchased by third party for fuel or for use in its refineries during such month.

All statements shall be rendered and all payments shall be made to the Arbitration Committee (hereafter provided for) at the office of the third party in the City of Los Angeles, California.

Eleventh.

Disbursements from Gross.

From the gross proceeds of all fuel oil sold and delivered by it each month hereunder, third party shall make the following payments and disbursements, to wit:

(a) All amounts due third party and others for pipeage and for transportation of oil by boats, cars or otherwise;

(b) All amounts due third party and others for storage of oil; and any and all other items payable under or in connection with the carrying out of this agreement;

(c) The balance which remains after the foregoing payments have been made will be the net amount received for all oil sold hereunder, and from said net amount third party shall deduct, receive and retain its compensation or commission of ten per cent of the net amount of all sales.

(d) The balance remaining after all of the foregoing payments and deductions have been made will be "the producers' net proceeds," which shall be paid to the Arbitration Committee, as provided in paragraph numbered "Tenth."

Twelfth.

Arbitration Committee.

For the determination of all questions or matters which may arise under, respecting or in any way connected with this contract, during the life hereof, an Arbitration Committee shall be appointed, consisting of four members, two members of which shall be selected and appointed jointly by first party and second party, and two members shall be selected and appointed by third party.

Arbitration Committee.

The first party and second party hereby appoint L. P. St. Clair of Bakersfield, and S. W. Morshead of San Francisco as the two members of said Arbitration Committee to be selected by them, who shall serve until February 1, 1911. The said L. P. St. Clair and S. W. Morshead and their respective successors in office shall be and they are hereby made, appointed and constituted the true and lawful attorneys in fact of first party, and the true and lawful attorneys in fact of second party, with full authority to represent, act for and bind first party and second party in all matters respecting or growing out of the sale of their fuel oil or in any way connected with this contract or with the execution thereof. Said attorneys in fact being hereby given and granted full power and authority for and in the name of the first party and for and in the name of the second party to transact any and all business, sign any and all agreements, and do any and all acts and things respecting or in any way connected with this contract, or with the sale of their fuel oil, which they deem proper, requisite or desirable.

Third party hereby appoints W. L. Stewart of Los Angeles, California, and Donzel Stoney, of San Francisco, California, as the two members of said Arbitration Committee, to be selected by it, who shall serve until February 1, 1911. Said W. L. Stewart and Donzel Stoney and their respective successors in office, shall be and they are hereby appointed and constituted the true and lawful attorneys in fact of third party, with full authority to represent, act for and bind third party in all matters respecting or growing out of this contract or in any way connected with the execution thereof. Said
 100 attorneys in fact being hereby given full power and authority and in the name of third party to transact any and all business, sign any and all agreements, and do any and all acts and things respecting or in any way connected with this contract, which they deem requisite, proper or desirable.

Said Arbitration Committee when acting as such shall have the powers, perform the duties and act in all respects in accordance with the provisions of Schedule "A" which is hereto attached and is hereby referred to, and said Schedule "A" and each and every part thereof are made parts hereof for all the purposes of this agreement.

Thirteenth.

To Commence Pipeline.

In case, for any reason, the work of constructing said pipe line system from Port Harford to said Midway, McKittrick, Kern River and Coalinga Oil Fields is not commenced on or before September 1, 1909, and thereafter prosecuted with diligence to completion, this agreement shall be cancelled and shall absolutely cease and terminate; time being hereby made the essence of this contract in that regard.

Fourteenth.

Sales Contracts Assigned.

To further secure to third party the faithful and specific performance of each and all agreements of this contract, to be kept and performed by first and second parties respectively, said first party hereby grants, transfers and assigns to third party all and singular the sales contracts scheduled in "Exhibit No. 1," and second party hereby grants, transfers and assigns to third party all and singular the sales contracts scheduled in "Exhibit No. 2;" said third party being in

each case hereby given full authority to enforce all provisions
101 of each of said sales contracts, and particularly in reference to the prompt production and delivery of the full "operators' pro rata" of oil to be produced and delivered under said sales contracts respectively.

Said "Exhibit No. 1" and "Exhibit No. 2" are hereto attached, and each of said Exhibits is hereby referred to and said Exhibits and each and every part of each of them is made a part of this contract.

All grants by this contract made and all agreements herein contained by and on behalf of first party and second party are, and each of them is, and shall be covenants running with the land in favor of third party and binding upon and against first party and second party and their respective successors in interest in and to all property and property rights in this contract mentioned or referred to.

In witness whereof, on the day and year first above written, the first party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and Secretary thereunto duly authorized by a resolution of its Board of Directors, and the second party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and by its Secretary thereunto duly authorized by a resolution of its Board of Directors, and the third party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary thereunto duly authorized by a resolution of its Board of Directors.

102 COALINGA OIL PRODUCERS AGENCY,

By ———,
Its President.

By ———,
Its Secretary.

INDEPENDENT OIL PRODUCERS' AGENCY,

By ———,
Its President.

By ———,
Its Secretary.

UNION OIL COMPANY OF CALIFORNIA,

By ———, *Its President.*

By ———, *Its Secretary.*

"SCHEDULE A."

Section 1.

Arbitration Committee.

The members of the Arbitration Committee shall be selected and appointed in the month of January of each year, to serve from the 1st day of February of such year for the term of one year, and until their respective successors are appointed and qualified, excepting, however, that the members of said Arbitration Committee nominated in paragraph "Twelfth" in the body of the contract to which this schedule is attached, shall serve until February 1st, 1911, and until their respective successors are appointed and qualified.

In case a vacancy occurs in said Arbitration Committee, at any time, for any cause, such vacancy shall be filled by those parties to said contract who originally appointed the committeeman whose office has become vacant.

103 All appointments of members of said Arbitration Committee shall be certified in writing by the parties making the appointment.

Section 2.

Officers.

The Arbitration Committee shall, at their first meeting, and thereafter annually at the first meeting held on or after February 1st of each year, organize by electing from their members a President, Vice President and Secretary, who shall hold office for one year and until their successors are elected and qualified. Vacancies in such offices will be filled by the Arbitration Committee.

President. The President shall preside at all meetings, and shall sign certificates of any and all actions taken by the Arbitration Committee and any and all communications or other documents authorized or directed to be signed by the committee; and he shall transact any other business authorized by the committee.

Vice President. In the absence of the President, the Vice President shall discharge the duties of the President.

Secretary. The Secretary shall keep a record of all meetings of the Arbitration Committee, shall sign all certificates of action taken by the committee and any and all communications or other documents authorized or directed to be signed by the committee, and he shall also discharge such other duties as shall be directed by the committee.

Section 3.

Place of Meeting.

Meetings. The Arbitration Committee shall select a place for the transaction of its principal business, at which meetings shall be held,

which place may be changed by majority vote of the committee.

Special meetings may, however, be held at any time or place
104 when all members of the committee are present or have consented thereto in writing.

Regular Meetings. An annual meeting shall be held at ten o'clock a. m. of the first business day of February of each year.

A regular monthly meeting shall be held at ten o'clock a. m. of the 20th of each month. If such day falls on a holiday, the regular meeting shall be held at ten o'clock a. m. of the next business day. All regular meetings will be held without notice.

Special Meetings. A special meeting of the Arbitration Committee may be called at any time by order of the President or by the joint order of two committeemen. Written notice of all special meetings except those held by consent shall be mailed, postage prepaid to each member, directed to his regular postoffice address three days before the date of such meeting.

A Quorum. Three members of the Arbitration Committee shall constitute a quorum; in the absence of a quorum the members present at any meeting may adjourn to a subsequent date. An affirmative vote of three members of the Arbitration Committee shall be required for the determination of all matters acted upon.

Section 4.

Full Power.

The Arbitration Committee shall have full power and authority to determine all questions which may arise under this contract or respecting or in any way connected with its execution.

Section 5.

The Arbitration Committee shall rent or procure proper offices and office furnishings and facilities, employ any and all stenographers, accountants, clerks help and assistants they deem
105 advisable and make such other expenditures as they deem necessary for the proper and convenient discharge of their duties.

All proper expenses incurred by the Arbitration Committee shall be paid from the "Producers' net proceeds" (as defined in said contract) of oil sold under said contract.

Section 6.

Monthly Report.

The Arbitration Committee shall make monthly reports to the parties to said contract and shall on the 21st day of each month make payment of all amounts in the hands of said committee due severally to the respective parties to said contract to which this schedule is attached.

Section 7.

If at any time a majority of the Arbitration Committee are unable to agree upon any question or matters under consideration, the decision of such questions may be left to an arbiter, who shall be selected by written consent of at least three members of the committee, which consent shall specify the matter to be decided. After hearing all facts presented regarding the question or matter in controversy the arbiter shall make decision in writing concerning the matters submitted to him and such decision shall have the same effect as though adopted by the affirmative vote of three members of the Arbitration Committee; excepting and provided, however, that no question involving the modification or construction of said contract to which this schedule is attached shall in any way be affected by such arbitration.

Section 8.

Records Open.

All records of the Arbitration Committee shall at all times be subject to the inspection of the duly authorized representatives
106 of the parties to said contract to which this schedule is attached.

Section 9.

Appointing Committees.

The party or parties having the right under said contract to appoint members of said Arbitration Committee shall also have the right at any time by written notice mailed to such committeeman and to said committee, to terminate the authority of such committeeman, such revocation of power and termination of authority to take effect immediately upon receipt of such notice. At the same time of revoking such authority of committeeman the appointing power shall designate his successor in the manner hereinbefore provided.

"SCHEDULE B."

Delivery and Pipeage of Oil.

Delivery of Oil.

Deliveries of oil made under contract to which this schedule is attached (which contract is hereinafter designated "said contract") shall be made subject to and be governed by the rules, regulations, terms and conditions hereof, to-wit:

So much of the oil produced or controlled by the first and second parties and the producers from whom they have received sales con-

tracts as may be required for fuel in carrying on drilling and pumping operations on the lands from which it is produced, together also with the amount of oil necessary to satisfy and pay royalty, where royalties under the terms of leases are required to be paid in oil, shall be and all of said oil is excepted from the operation of said contract.

The first party and second party respectively shall deliver all fuel oil, provided for in said contract, and the third party shall
107 receive said oil in suitable tanks to be provided by and at the sole cost and expense of the first and second parties respectively, and to be located on the lands on which said oil shall be obtained, so that said oil may be readily delivered into the pipe lines of third party, or into said pipe line system to be constructed to Port Harford.

Tanks.

Each of said tanks shall be properly measured and gauge tables thereof showing accurately the capacity of each of said tanks shall be made at the equal expense of the respective parties hereto. Whenever the hoops on said tanks (when they are wooden tanks) shall be driven, like gauge tables shall be made and furnished to and at the expense of the respective parties hereto. First and second parties shall keep their respective tanks in good order at all times, to prevent leakage.

Free From Water.

The first party and second party each agrees that it will use its best endeavors to have all the oil to be delivered to the third party hereunder as free as practicable from water, sand and other non-combustible substances, before said oil shall be offered to said third party, and the third party shall not be obliged to receive oil containing more than 3 per cent of water, sand and other non-combustible substances.

The expression "fuel oil" as used in said contract and in this schedule, means all oil which is not of greater value for refining purpose than for fuel, road purposes or other uses, and said expression shall be construed to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum and the fluid residuum of refineries.

Gravity.

The third party shall not be required to accept for pipeage
108 or pipe line transportation, either, (a) oil from the Kern River oil fields the resulting mixture of which, at any time, is heavier than fourteen degrees Baume, nor (b) oil from either the Coalinga, Midway, McKittrick, Sunset or other fields in California at any time, the resulting mixture of which is heavier than fourteen degrees Baume. It is understood that the oil from said fields which is too heavy to be transported through said pipe line, shall, so far as practicable, be transported by rail.

Gasoline Test.

All deliveries of oil hereunder as made, and before the oil enters the pipe line used by the third party shall be subjected by third party to the gasoline test customary in the field in which the oil delivered is produced, or third party may make test with centrifugal tests, for the purpose of showing the percentage of water, sand and other non-combustible substances in said oil, and as a basis for deductions to be made therefore, and deduction shall be made of and for all water, sand and other non-combustible substances found to be contained in said oil. All such tests shall be open to verification on the part of the first and second parties, and if desired, shall be made in the presence of their representatives.

Minimum Quantity.

All oil hereunder is to be received on the basis of a temperature of 60 degrees F., and a deduction or credit in the volume of oil at the rate of 1 per cent for each 20 degrees over or under 60 degrees F. shall be made, temperature reading to be made at delivery tank at time of delivery.

Whenever either the first or second parties shall have accumulated in any of said gauge tanks at least 1,000 barrels of oil and desire to have said oil gauged and delivered into the pipe line of third party, they shall notify the nearest agent of the third party 109 and the third party shall thereupon, within forty-eight hours after receiving such notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in triplicate and to be signed by the agents of the representative parties hereto, and one of such tickets shall be delivered to third party and two of such tickets shall be delivered to the party hereto delivering the oil. Such run tickets shall show tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentages of water, sand and other non-combustible substances.

Pumping.

If it is necessary in the delivery of oil of the first and second parties to main pipe line of third party or said Port Harford pipe line system, that said oil be pumped, the first and second parties respectively shall furnish at their own expense pumps, under specifications of the third party, and will furnish all the labor and steam necessary to operate the pump, provided, however, that they shall not be obligated to pump against a pressure of more than six hundred pounds.

Said third party when running said oil from said gauge tanks into pipe line shall have the exclusive control of said gauge tanks and the oil contained therein.

Statement.

On or before the fifteenth day of each month, the third party shall render the Arbitration Committee a statement showing the gross quantity of oil received from said first and second parties respectively in and during the preceding calendar month, and the deductions therefrom as aforesaid, for water, sand and other non-combustible substances, and allowance for temperature, and the remaining oil, being the net quantity, shall be deemed to be the number of barrels of crude petroleum for which, and for which only, the said first and second parties are to receive payment under said agreement to which this schedule is attached.

Extension Pipe Line.

It is understood by the parties hereto that the third party will extend its pipe lines to the various tanks of first and second parties as they are at present located, and as they may hereafter be located, always providing however, that there is sufficient production to justify the extension of said pipe line to said tanks respectively, and that first and second parties furnish all necessary rights of way therefor. The Arbitration Committee will decide in any given case, whether or not third party shall be required to extend its pipe lines to new territory.

Third party shall not be liable at any time for failure to receive or transport any oil, if such failure is caused by the acts of the elements, labor troubles, accidents or other causes not under its control.

Schedule of Pipe Line Charges.

Charges.

For transporting said fuel oil through said pipe line to be constructed from Port Harford to said various oil fields, and railway lines in proximity thereto, the through pipe lines owned, leased, operated or controlled by third party, charges shall be paid as follows:

From wells in field Coalinga to f. o. b. cars	21½c
From wells in field McKittrick to f. o. b. cars	21½c
From wells in field Midway to f. o. b. cars	21½c

111

From wells in field Kern to f. o. b. cars	21½c
From wells in field Sunset to f. o. b. cars	21½c
From wells in field Coalinga to ship Port Harford	221½c
From wells in field McKittrick to ship Port Harford	221½c
From wells in field Midway to ship Port Harford	221½c
From wells in field Kern to ship Port Harford	221½c
From wells in field Sunset to ship Port Harford	221½c

From wells in field Santa Maria to f. o. b. ship	10c
From wells in field Santa Maria to f. o. b. cars	10c
From wells in field San Luis Obispo to f. o. b. ship	10c
From wells in field San Luis Obispo to f. o. b. cars	10c
From wells in field Fullerton to f. o. b. points on line	10c
From wells in field Whittier to f. o. b. points on line	10c
From wells in field Ventura Co. to f. o. b. points on line	10c
From wells in field Salt Lake field to Los Angeles	7½c

No arbitrary charge for pipe line shrinkage.

All rates are per barrel of 42 gallons.

Pipe line charges between points not above scheduled shall be at rates to be fixed by the Arbitration Committee.

Third party shall furnish proper gauge tanks at all points where it takes and uses oil for fuel or refinery purposes, and all oil so used by it shall be passed through and gauged in such tanks.

Where deliveries or transportation is made by wagons, the charge for such service shall be a reasonable charge for the service rendered, and allowing only a reasonable profit, and shall be fixed by the Arbitration Committee.

Pipe line transportation hereunder will at all times be limited to capacity of the various pipe lines and pipe line appliances.

"SCHEDULE C."

Water Transportation Schedule.

Water Charges.

Third party shall make charges as hereinbelow stated for all oil transported by boats or vessels, owned, leased, operated, controlled or contracted for by it; these charges include dockage, wharfage, and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch; all rates are per barrel of 42 gallons.

Port Harford to Eureka	20c
Port Harford to San Francisco Bay points	10c
Port Harford to San Diego	12½c
Port Harford to San Pedro	10c
Port Harford to Santa Barbara	7½c
Port Harford to Ventura	10c
Port Harford to Hueneme	10c
San Francisco Bay points to Eureka	15c
San Francisco Bay points to San Diego	17½c
San Francisco Bay points to San Pedro	15c
San Francisco Bay points to Santa Barbara	12½c
San Francisco Bay Points to Ventura	15c

San Francisco Bay Points to Hueneme	15c
San Pedro to San Diego	7½c

113

San Pedro to San Francisco	15c
San Pedro to Santa Barbara	7½c
San Pedro to Ventura	7½c
San Pedro to Hueneme	7½c

Where cargoes are taken on at more than one point or where cargoes are delivered to more than one point, an additional charge for each additional hour required for the service over receiving cargo from only one point and discharging cargo at only one point, shall be made, such charge to be based on the cost of operating ship.

Where oil is delivered by water from or to points not mentioned in the above schedule, the charge shall be made on the same basis as is the foundation for the above schedule, with the understanding that for hauls of over 200 miles the charge shall not be in excess of cents per mile per barrel and under 200 miles an additional charge may be made by the hour, on account of the increased ratio that the time for loading and discharging bears to the time required for moving from point of receiving the oil to the point of discharging the same.

Where deliveries or transportation is made by barges, the charge for such service shall be a reasonable charge, for the service rendered, and allowing only a reasonable profit, and shall be fixed by the Arbitration Committee.

Water transportation hereunder will at all times be limited to available capacity of boats in service which are owned, leased or operated by third party.

"SCHEDULE D."

Storage of Oil.

Storage Charges.

The storage charge for oil (other than in reservoirs) shall be 1c. per barrel per month; the storage charge for oil stored in earthen
114 reservoirs shall be at the rate of 2c. per barrel per annum;
all storage charges shall be calculated on the balance of oil in hand on the first of each calendar month, provided, however, that no storage charge shall be made on the following amounts of oil:

- (a) Sufficient quantity of oil to fill main oil pipe lines;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said Port Harford pipe line between the Coalinga, Mc-Kittrick, Kern River and Midway oil fields and Port Harford;
- (c) Sufficient oil to fill all tank ships and boats employed in the service, owned or controlled by third party;
- (d) Oil in tank cars in transit.

Shrinkage Charge.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accidents, from fire or other causes, and shall be borne pro rata by all the oil handled by the third party. "Oil stored," meaning all oil in reservoirs, tanks, pipe lines, tank cars and vessels. All storage charges shall accrue and be payable on the 20th of each month for the amount of oil in storage on the first of that month.

Any or all of said oil may be insured at any time on order of the Arbitration Committee. All amounts paid for insurance premiums, together with all amounts paid for assessments of taxes on any of said oil shall be re-paid and deducted from first monthly settlement made after the date of such payment.

Storage of oil by third party hereunder will at all times be limited to its available storage facilities.

115

Exhibits.

Exhibit No. 1.

Contains a copy of Sales Contract between the various producers and Coalinga Oil Producers' Agency, together also with names of the various producers who have entered into such sales contracts and description of the respective tracts of land operated by them.

Exhibit No. 2.

Contains a copy of the Sales Contract between the various producers and the Independent Oil Producers' Agency, together also with names of the various producers who have entered into such sales contracts and description of the respective tracts of land operated by them.

Exhibit No. 3.

Consists of copy of Pipe Line Contracts between agencies and Producers' Transportation Company.

116

Producers Transportation Co.

EXHIBIT "D."

No. 26442.

Frank C. Jordan, Secretary of State.

Frank H. Cory, Deputy.

STATE OF CALIFORNIA,
Department of State:

I, Frank C. Jordan, Secretary of State of the State of California, do hereby certify that I have carefully compared the annexed copy

of Articles of Incorporation of Producers Transportation Company with the certified copy of the original now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. Also that this authentication is in due form and by the proper officer.

Witness my hand and the Great Seal of State, at office in Sacramento, California, the 21st day of May, A. D. 1913.

[GREAT SEAL.]

FRANK C. JORDAN,
Secretary of State,
 By FRANK H. CORY,
Deputy.

117 *Articles of Incorporation of the Producers Transportation Company.*

Know all men by These Presents: That we, the undersigned, a majority of whom are citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California and We Hereby Certify:

I.

That the name of said corporation shall be and is "Producers Transportation Company."

II.

That the purposes for which said corporation is formed are: (1) To buy, lease, and otherwise acquire, take, hold, own, use and enjoy, improve, develop, operate, manage, handle and deal in mining claims, mining rights, oil-bearing lands, oil wells, rights of way and easements, lands, tenements, hereditaments and real estate of any and every kind whatsoever, and wheresoever situate, and to sell, transfer, and convey, lease, hypothecate or encumber by mortgage or deed of trust or otherwise, and otherwise dispose of said properties, and any or all of them, or any part thereof;

(2) To buy, lease and otherwise acquire, take, hold, own, use and enjoy, handle and deal in, lease, hypothecate or encumber by mortgage or deed of trust or otherwise, sell and otherwise
 118 convey and dispose of personal property and choses in action of every kind, name and nature whatsoever and wheresoever situate;

(3) To engage in the business of transporting, storing, buying and selling, and in any and all ways handling and dealing in oil and any and all hydrocarbon substances, gas, water and any and all liquids and fluids; also to engage in the business of boring and exploring for, producing, securing and saving, refining, distilling, treating, manufacturing, piping, carrying, handling, dealing in, buying and selling oils, asphaltum, and any and all hydro-carbon

substances and any and all mineral substances and any and all products derived from said substances or any of them; and for and in connection with either or any of such purposes to buy, lease, construct and otherwise acquire, take, hold, own, use, enjoy, maintain, manage, operate and carry on, lease hypothecate or encumber by mortgage or deed of trust or otherwise sell or otherwise dispose of, pipe-lines, tanks, reservoirs, cars, refineries, manufactories, machine shops, machinery of any and all kinds, wharves, docks and landings, boats, barges, tugboats, steam and sailing vessels and other watercraft of any and all kinds, houses, buildings, stores, offices, telephone and telegraph lines, roads, tramways, easements, franchises, licenses and any and all other works, buildings, structures, property, appliances and equipment of any kind or character whatsoever which may be incident or auxiliary to, or may be convenient in connection with any of said business of said corporation, or any branch or part thereof, or that may be deemed necessary or convenient by the Board of Directors of said corporation for or in connection with any of its business or purposes;

(4) To apply for, obtain, register, purchase or otherwise acquire and to take, hold, own, use, enjoy, operate, sell, assign, grant licenses in respect of, hypothecate, or otherwise dispose of any and all inventions, patents and patent rights, licenses, or rights under patent rights, copyrights and licenses or rights under copyrights, trade-marks and rights under trade-marks, and any and all improvements and processes which may be used under or in connection with or secured under or by letters patent or copyright of the United States or of other countries, governments or provinces;

119 (5) To purchase, construct and otherwise acquire, take, hold, own, use, enjoy, hypothecate or encumber by mortgage or deed of trust or otherwise, lease, sell and otherwise dispose of electric light and power plants, stations, poles, lines, conduits, equipment, machinery and appliances of any and all kinds, and to engage in the business of procuring, generating, transmitting, and selling and disposing of electricity and electrical energy for light, heat, power and any and all other purposes;

(6) To develop, locate, lease, buy, and otherwise acquire, take, hold, own, use, and enjoy, maintain, operate and carry on, hypothecate or encumber by mortgage or deed of trust or otherwise lease, sell, and otherwise dispose of water, water-rights, water-works and water systems together with any and all wells, reservoirs, dams, ditches, flumes, pipe lines, conduits and any and all other equipment, machinery and appliances of whatsoever kind necessary, desirable or convenient for use in or in connection with the securing, developing, impounding, storing, transporting, handling, using or disposing of water for irrigation, mining and manufacturing purposes and for use in or about oil wells and for any and all other purposes;

(7) To buy and otherwise acquire, take, hold, own, use, enjoy, handle, sell, transfer, assign, mortgage, pledge, hypothecate or otherwise dispose of shares of the capital stock of any corporation or corporations and while the holder of said stock to exercise all rights and

privileges of ownership including the right to vote thereon, to the same extent as a natural person might or could do.

(8) To buy and otherwise acquire, take, hold, own, use, enjoy, handle, sell, transfer, assign, mortgage, pledge, hypothecate or otherwise dispose of notes, mortgages, bonds, and other evidences of indebtedness and securities issued or created by individuals, partnerships, associations or corporations;

(9) Also to guarantee the bonds or other evidences of indebtedness of other corporations in which this company is the owner and holder of capital stock, and of other corporations when the contract of guaranty is or will be reasonably necessary or desirable in the conducting of the business of this corporation;

120 (10) To establish and to carry on agencies, offices, branch offices, stores, storage tanks and reservoirs and storage houses and storage business and a general transportation business for the purpose of transporting, handling storing and marketing of any of the oils, goods, merchandise or articles produced or manufactured or handled by this corporation or any other person, firm, partnership, association or corporation, and for conducting the business of storing and carrying of oils, petroleum and any and all other substances aforesaid;

(11) To do and perform any and all other acts and things necessary, desirable or convenient in or in connection with the carrying on of any and all of the business of said corporation or for or in connection with the accomplishment of any of the foregoing purposes or which shall at any time appear to the Board of Directors of said corporation to be expedient for the protection or benefit of said corporation, and to conduct its business or any and all portions thereof, in all branches, in every State, Territory and Colony of the United States and in any and all foreign countries whatsoever.

III.

That the place where the principal business of said corporation is to be transacted is Bakersfield, Kern County, State of California.

IV.

That the term for which said corporation is to exist is fifty years from and after the date of its incorporation.

V.

That the number of the Directors of said corporation shall be seven and that the names and residences of the Directors who are appointed for the first year, and to serve until the election and qualification of their successors, are as follows, to-wit:

Name.	Whose residence is at—
L. P. St. Clair.....	Bakersfield, Kern County, California.
H. H. Welsh.....	Fresno, Fresno County, California.
S. W. Morshead....	San Francisco, California.
M. V. McQuigg....	Los Angeles, Los Angeles County, California.
Thomas A. O'Donnell	Los Angeles, Los Angeles County, California.
L. W. Andrews....	Los Angeles, Los Angeles County, California.
W. B. Robb.....	Bakersfield, Kern County, California.

VI.

That the amount of the capital stock of said corporation shall be and is Seven Million (\$7,000,000.) Dollars, divided into Seventy Thousand (70,000) shares of the par value of One Hundred (\$100.00) Dollars each.

VII.

That the amount of the said capital stock which has been actually subscribed is Seven Hundred (\$700.00) Dollars, and the following are the names of the persons by whom the same has been subscribed, and the amount subscribed by each of them, to-wit:

Names of subscribers.	Number of shares.	Amount.
L. P. St. Clair.....	1	\$100.00
H. H. Welsh.....	1	100.00
S. W. Morshead.....	1	100.00
M. V. McQuigg.....	1	100.00
Thomas A. O'Donnell.....	1	100.00
L. W. Andrews.....	1	100.00
W. B. Robb.....	1	100.00

In witness whereof We have hereunto set our hands and seals this 5th day of June, 1909.

	L. P. ST. CLAIR.	[SEAL.]
	H. H. WELSH.	[SEAL.]
	S. W. MORSHEAD.	[SEAL.]
	M. V. McQUIGG.	[SEAL.]
122	THOMAS A. O'DONNELL.	[SEAL.]
	L. W. ANDREWS.	[SEAL.]
	W. B. ROBB.	[SEAL.]

STATE OF CALIFORNIA,
County of Los Angeles, ss:

On this 5th day of June, A. D. 1909, before me, Cedric E. Johnson, a Notary Public in and for the said County and State, residing therein, duly commissioned and sworn, personally appeared M. V. McQuigg, Thomas A. O'Donnell and L. W. Andrews, known to me

to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[SEAL.]

CEDRIC E. JOHNSON,
*Notary Public in and for said
County and State of California.*

CITY AND COUNTY OF SAN FRANCISCO,
State of California, ss:

On this 8th day of June in the year One Thousand Nine Hundred and Nine, before me, Ceda de Zaldo, a Notary Public in and for the said City and County, residing therein, duly commissioned and sworn, personally appeared L. P. St. Clair, H. H. Welsh, and S. W. Morshead, known to me to be the persons whose names are subscribed to the within Instrument and they severally acknowledged to me that they executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal, at my office in the City and County of San Francisco, the day and year in this certificate first above written.

[SEAL.]

CEDA DE ZALDO,
*Notary Public in and for the City and County
of San Francisco, State of California.*

123 STATE OF CALIFORNIA,
County of Kern, ss:

On this 10th day of June in the year of our Lord One thousand Nine Hundred and Nine, before me, E. H. White, a Notary Public in and for said county and State, residing therein, duly commissioned and sworn, personally appeared W. B. Robb, known to me to be the person described in and whose name is subscribed to the within Instrument, and acknowledged to me that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal at my office in said County of Kern, the day and year in this Certificate first above written.

[SEAL.]

E. H. WHITE,
*Notary Public in and for the County of
Kern, State of California.*

STATE OF CALIFORNIA,
County of Kern, ss:

I, I. L. Miller, County Clerk of the County of Kern, State of California, do hereby certify the within to be a full, true and correct copy of Articles of Incorporation of the Producers Transportation Company as remains on file in this office.

In witness whereof, I have hereunto set my hand and affixed my official seal this 10th day of June, A. D. 1909.

[SEAL.]

I. L. MILLER, *Clerk*,
By BEDELL SMITH,
Deputy Clerk.

(Endorsed:) Filed in the office of the County Clerk of the County of Kern, State of California, this 10th day of June, 1909. I. L. Miller, County Clerk, by Bedell Smith, Deputy Clerk.

(Endorsed:) Filed in the office of the Secretary of State the 11th day of June, A. D. 1909. C. F. Curry, Secretary of State, By J. Hoesch, Deputy. Record Book 240, Page 349.

124 [Endorsed:] Articles of Incorporation of Producers Transportation Company.

125

EXHIBIT E.

Producers Transportation Company.

I, Giles Kellogg, Secretary of the Producers Transportation Company, a corporation, hereby certify the foregoing to be a full, true and correct copy of the By-Laws of Producers Transportation Company, and that the same have neither been amended, repealed, nor otherwise changed except as therein noted.

Witness my hand and the seal of said Corporation this 13th day of September, 1913.

[SEAL.]

GILES KELLOGG,
Secretary of Producers Transportation Company.

126 *By-Laws of the Producers Transportation Company.*

Incorporated June 11th, 1909.

Adopted by the Written Consent of the Holders of All of the Subscribed Capital Stock of the Corporation.

Article I.

Officers.

The officers of this corporation shall be a Board of Directors, seven in number, and a President, Vice-President, Secretary and Treasurer, each of whom except the Secretary and Treasurer shall be the holder of one or more shares of the capital stock of this company under their own names on the books of the corporation.

The Board of Directors shall also have power to elect or appoint such other officers as they shall, from time to time deem necessary or expedient.

Article II.

Directors.

Section 1. The Directors nominated in the Articles of Incorporation are and shall be the Directors of this corporation and shall hold office and serve until the first annual meeting of the stockholders and until their successors are elected and qualified.

127 The stockholders of this corporation shall at each annual meeting of stockholders, elect by ballot, a board of seven directors, whose term of office shall begin immediately at their election, and who shall hold office for one year, or until their successors are elected and qualified.

Section 2. The Board of Directors shall, at their first meeting (and thereafter annually at the first meeting of directors after the annual meeting of stockholders) elect and choose a President, Vice-President, Secretary and Treasurer, who shall hold office until the next annual meeting of stockholders after the date of their election and until their respective successors are elected; said officers, excepting the Secretary and Treasurer, shall be chosen by the directors from among themselves.

Section 3. In the case of vacancy occurring in any of said offices the same shall be filled by the Board of Directors. Vacancies in the Board of Directors shall be filled by the other directors in office, and each director so chosen to fill a vacancy shall hold office until the first annual meeting of stockholders thereafter, and until his successor shall be elected and qualified.

Article III.

Powers of Directors.

The directors shall have power:

1. First. To call special meetings of the stockholders whenever they deem it necessary, or for the best interests of the corporation. They shall call meetings of the stockholders at any time upon the written request therefor by persons holding one-third of all of the subscribed capital stock of this corporation.

Second. To appoint and remove at pleasure all officers, agents, and employees of the corporation; to prescribe their duties, fix their compensation, and require from them security for faithful service.

128 Third. To conduct, manage, and control the affairs and business of the corporation, and to make rules and regulations not inconsistent with the laws of the State of California, or the By-Laws of said corporation, for the guidance of the officers, agents and employees, and for the conduct and management of the affairs and business of the corporation.

Fourth. To incur indebtedness; to authorize and cause to be executed and issued evidences of indebtedness incurred; to cause to be executed and issued mortgages, deeds of trust, and any other forms

of security for indebtedness of said corporation. The terms and amount of all indebtedness incurred shall be entered on the minutes of the Board of Directors, and the notes, obligations or evidences thereof and the security therefor signed officially by the President and Secretary, or other officers of this corporation duly authorized by resolution of the Board of Directors, shall be binding upon the corporation.

Fifth. To take all steps and to perform all acts deemed necessary, expedient or convenient in connection with the exercise of any and all of the powers of the corporation, and to perform all other acts and exercise all other powers prescribed by law, or which are customary and usually performed by directors of similar corporations.

Article IV.

Duties of Directors.

It shall be the duty of the directors:

1. To be caused to be kept a complete record of all their meetings and acts, and of the proceedings of the stockholders; present a full statement at the annual meetings of stockholders showing the assets and liabilities of the company, and the general conditions of the business, property and affairs of the corporation.

129 2. To declare dividends out of the surplus profits of the corporation when they deem it expedient, and when such profits shall, in the opinion of the directors, warrant the same; provided, that the directors, before the payment of any dividend may set aside or have transferred to a special account such sum or sums as the directors may from time to time in their discretion deem advisable, as a reserve fund to meet contingencies, or for the equalization of dividends, or for repairs or maintenance of property, or for such other purpose as the directors shall deem to the interest of the company.

3. To supervise all officers, agents or employees, and to see that their duties are properly performed.

4. To cause to be issued to the stockholders in proportion to their several interests, certificates of stock not to exceed in the aggregate, the capital stock of the corporation.

5. To cause the funds and securities of the corporation to be safely kept; to have charge of all the property of the corporation, and to perform all other acts and to discharge all other duties required by law, or which are usually performed by directors of similar corporations.

Article V.

Duties of the Officers.

The President and Vice President shall discharge the following duties:

1. To preside over all of the meetings of the stockholders and directors, and to have the casting vote.

2. To sign, as President, all certificates of stock, and all deeds, mortgages, leases, contracts and other instruments in writing which have first been approved by, or the execution of which have been duly authorized by the Board of Directors.

130 3. To call all the directors together whenever deemed necessary, or for the best interests of the corporation.

4. To perform such other duties as may from time to time be required of him by the Board of Directors, or which are usually performed by Presidents of similar corporations.

In case of the absence of both the President and Vice-President, the Board of Directors shall select one of their number as acting President, who, during the absence of the President and Vice-President shall have the same power and perform the same duties as the President.

Secretary.

The Secretary shall discharge the following duties:

1. To keep accurate records and minutes of all meetings of the stockholders, and of the Board of Directors, and of the Executive Committee, and he shall be the custodian of said minutes.

2. He shall be the custodian and be charged with the safe keeping of the seal, and all books and papers belonging to the corporation.

3. To keep all and singular the books and records required by Sections 377 and 378 of the Civil Code of the State of California, and in the stock and transfer book shall keep the postoffice addresses of the stockholders; he shall keep the book of blank certificates of stock, fill up and countersign all the certificates issued, and make corresponding entries on the stubs or margins of each book of certificates. He shall keep, or cause to be kept, all account books of the corporation and books showing all financial and other business transactions of the corporation, and such other books as the Board of Directors shall require.

131 4. He shall on order of the President, or Vice-President, or joint order of two directors, give notice of the holding of special meetings of the Board of Directors, and on order of the Chairman, or two members thereof, shall give notice of meetings of the Executive Committee, and he shall on order of the Directors give all notices required to be given of meetings of stockholders.

5. Unless otherwise ordered by the Board of Directors, he shall sign as Secretary, all the certificates of stock, and all deeds, mortgages, leases, contracts, and other instruments in writing which have first been approved by, or the execution of which have been duly authorized by the Board of Directors.

6. He shall, from time to time, when requested by the Board of Directors, submit to the Board statements of the financial condition of the business and affairs of the corporation, and shall perform and discharge other duties as may be required by the Board of Directors,

or by the Executive Committee, and the duties incumbent upon or pertaining to the Secretary of similar corporations.

Assistant Secretary.

The Board of Directors shall have power at any time to appoint one or more Assistant Secretaries, who shall assist the Secretary in the performance of any and all duties and who, in the absence of the Secretary, shall have the same powers and perform the same duties as the Secretary.

Treasurer.

The Treasurer shall have the powers and perform the duties usually pertaining to his office, and those which the Board of Directors may from time to time prescribe.

132 Whenever, in their judgment, it may be deemed expedient the Board of Directors may appoint some banking institution in the State of California to act as Treasurer.

Checks and drafts shall be signed and endorsed by such officers as the Board of Directors may, by order or resolution, determine.

Executive Committee.

The Board of Directors shall by resolution designate and appoint an Executive Committee; said committee shall consist of the President, or the Vice-President, who shall be ex-officio Chairman thereof, and two other directors.

The executive committee shall have power, between sessions of the Board of Directors, to act for the Board of Directors and bind this corporation in all matters pertaining to the ordinary business of the Company as fully as the Board of Directors itself might or could do. All acts of the Executive Committee shall be reported to the Board of Directors. The Executive Committee shall keep the records of all its transactions and shall make report at each regular meeting of the Board of Directors of all matters acted upon by it subsequent to the last report.

The Secretary of the Company, or in his absence an Assistant Secretary, shall act as secretary of the Executive Committee.

General Manager.

The Board of Directors shall select and appoint a General Manager who shall have, subject to the direction and control of the Board of Directors, general supervision of and management of all and singular the business and affairs of the corporation.

133

Administrative Departments.

The Board of Directors may from time to time by resolution, organize the business of the corporation into administrative depart-

ments with such powers and duties as they may deem to the best interests of the corporation, and may appoint such managers therefor as they deem proper.

Article VI.

Meetings of Stockholders.

Annual Meetings.

The annual meeting of the stockholders shall be held in the office of the company at Bakersfield, Kern County, California, at two o'clock P. M., on the third Wednesday of January each year, at which meeting a full report of the business of the previous year, and a statement of the affairs of the corporation, shall be presented by the Directors and officers of the corporation; Directors shall be elected for the ensuing year, and such other business be transacted as properly comes before the meeting.

Special Meetings.

Special meetings of the stockholders may be held upon the order of the President, or of the Board of Directors, or upon the written request of the holders of one-third of the capital stock at any time. No business shall be transacted at any special meeting excepting such business as relates to the matter specified in the notice thereof.

Quorum & Proxy.

Stockholders holding a majority of the outstanding stock shall constitute a quorum at any meeting. A representation of the minority of the capital stock shall have power in the absence of the quorum to adjourn any meeting of the stockholders to a further date. Any stockholder may authorize any other stockholder in writing to appear for and represent him at any meeting.

Notice of Meetings.

Notice of the time and place of holding any and all meetings of the stockholders, either annual or special, shall be given by publication in one or more of the weekly newspapers published in Kern County, California, for at least two weeks before the date of meeting, and by mailing a printed copy of such notice to each one of the stockholders at his last known postoffice address or place of residence in a sealed envelope, postage prepaid, at least one week prior to the date of meeting. Certificates of such service of notice shall be entered upon the minutes of the stockholders' meeting, called thereby, and the said minutes upon being read and approved at a subsequent meeting of stockholders, annual or special, shall be conclusive upon the question of service.

Article VII.

Directors' Meetings.

Annual Meeting.

The Board of Directors shall hold a meeting at the office of the corporation at Bakersfield, Kern County, California, immediately after the annual election by the stockholders, in each year, without notice, provided a quorum is present. At such meeting the officers for the ensuing year shall be elected, and such other business be transacted as shall come before the Board.

Monthly Meetings.

The Board of Directors shall hold a regular monthly meeting at the office of the Company at Bakersfield, Kern County, California, on the third Wednesday of each month at two o'clock P. M., and no notice of such regular meeting other than that given by
135 these By-Laws shall be required or given.

Special Meeting.

A special meeting of the Board of Directors may be held at any time and shall be called by notice in writing at least three days before the hour appointed for the meeting.

Service of such notice may be effected by delivery of the notice in person; by leaving the same at his last known place of business or residence, by mailing the same, postage prepaid, to his last known place of business or residence, or by serving the same upon him by telegraph and the fact of such service shall be established by the statement of the Secretary to be entered upon the minutes of the meeting, and after said minutes, showing said service, shall be read and approved, the record thereof shall be conclusive upon the question of services.

Meetings by Consent.

The Board of Directors may hold a meeting at any time and at any place in the State of California, when all the directors then within the State are present and sign a written consent thereto upon the minutes of such meeting; or, when all of the directors have signed a written consent for the holding of such meeting, whether all of the Directors are present thereat or not. Such written consent to be spread upon the minutes of said meeting.

Quorum.

A majority of the Board of Directors shall constitute a quorum, but a minority of such Board shall have the power, in the absence of a quorum, to adjourn any meeting to a subsequent date.

136

Article VIII.

Certificates of Stock.

Certificates of Stock shall be of such form and device as the Board of Directors may direct, and such certificates shall be signed by the president and by the Secretary, and express on their face their number, date of issuance, number of shares for which, and the names of the persons to whom issued.

Several certificates may be issued to the same person, or persons, provided that in the aggregate they do not exceed the number of shares belonging to such person or persons.

The certificate book shall contain a margin on which shall be entered the number, date, number of shares, and the name or names of the person or persons expressed in the corresponding certificate, and the receipt of the holder thereof for said certificate or certificates.

Article IX.

Transfers.

Shares of the capital stock of this company may be transferred at any time by the holder thereof, or by an attorney, legally constituted, or by his legal representative. But no transfer shall be valid except between the parties thereto, until entered in the proper form upon the books of the company. The surrendered certificate shall be cancelled before a new certificate shall be issued in lieu thereof. The cancelled certificate shall be pasted to the stub margin from which it was cut or taken, the receiver of the new certificate shall be required to assent in writing, to the By-Laws of the Company, and to receipt for his certificate. No transfer of any shares shall be valid upon which any assessments are due or unpaid, without the consent of the Board of Directors.

137

Article X.

Books and Papers.

Books and papers in the office of the Secretary and Treasurer shall at all time, during business hours, be open to the inspection of the stockholders of this corporation.

Article XI.

Compensation of Directors.

The members of the Board of Directors not otherwise compensated shall receive Ten (\$10) Dollars per day for each day's attendance at the meetings of the Board.

Article XII.

Contracts, Warrants, &c.

No contract made or entered into by any officer of the corporation shall be valid without the previous authorization or subsequent ratification of the Board of Directors, unless the same shall have either been authorized or ratified by the Executive Committee. Such authorization to be spread on the minutes of said Committee.

All checks, drafts, warrants, bills of exchange, letters of credit, promissory notes, bonds, certificates of stock and all like instruments issued by any government, State, County, Municipality, public or private corporation, and payable to or in favor of this corporation, may be endorsed in the name of this corporation for the purpose of deposit, collection or transfer by the President or Vice-President, the Treasurer or the Secretary (or an Assistant Secretary acting for the Secretary).

Any two of said officers are authorized and empowered to withdraw and pay out from any bank or financial depository of the company, by check, draft or order in writing, jointly signed by such two officers whose signatures shall be furnished to such bank or depository, any and all moneys, deposits, credits and property, at any time held for account of this corporation.

138

Article XIII.

Seal.

This corporation shall have a corporate seal, consisting of the circle having on its circumference the words, "Producers Transportation Company, Bakersfield, California," and in the center the words, "Incorporated June 11, 1909."

Article XIV.

Amendments.

These By-Laws may be altered, amended, added to or repealed, from time to time, by the unanimous consent of the Board of Directors, or, as provided by Section 304 of the Civil Code of the State of California.

We, the Undersigned, being the holders and owners of seven shares of the Capital Stock of Producers Transportation Company, the same being the entire subscribed Capital Stock thereof, hereby assent to the foregoing By-Laws and adopt the same as the By-Laws of the said corporation.

In Witness Whereof, we have hereunto subscribed our hands and seals this 15th day of June, 1909.

H. H. WELSH.	[SEAL.]
S. W. MORSHOEAD.	[SEAL.]
L. P. ST. CLAIR.	[SEAL.]
M. V. McQUIGG.	[SEAL.]
THOS. A. O'DONNELL.	[SEAL.]
— — — — —	[SEAL.]
W. B. ROBB.	[SEAL.]
L. W. ANDREWS.	[SEAL.]

139 Know All Men by These Presents: That we, the undersigned Directors and the Secretary of the corporation known as and called Producers Transportation Company, do hereby certify that the above and foregoing By-Laws were on the 15th day of June, 1909, duly adopted as the By-Laws of said corporation by the written assent of the holders of all of the Capital Stock of said corporation, and that the same do now constitute the By-Laws of the said corporation.

H. H. WELSH,	[SEAL.]
S. W. MORSHEAD,	[SEAL.]
L. P. ST. CLAIR,	[SEAL.]
M. V. McQUIGG,	[SEAL.]
THOS. A. O'DONNELL,	[SEAL.]
W. B. ROBB,	[SEAL.]
L. W. ANDREWS,	[SEAL.]

Directors.

[SEAL.] M. V. McQUIGG,
Secretary Producers Transportation Company.

140 *Amendment to By-Laws of the Producers Transportation Company.*

It was moved by Mr. W. L. Stewart, seconded by Mr. C. W. Brown, that the By-Laws of the corporation be changed so as to provide for two Vice-Presidents.

Carried Unanimously.

I, Giles Kellogg, Secretary of Producers Transportation Company, a corporation, hereby certify the foregoing to be a full, true and correct copy of a resolution duly adopted at Annual Meeting of Stockholders of the Producers Transportation Company, held at Bakersfield, Kern County, California, January 17, 1912, by a vote of more than two-thirds of the entire subscribed and of the entire issued capital stock of said corporation, and that said resolution constitutes a part of the minutes of said meeting and is now in full force and effect.

Witness My Hand and the seal of said corporation this 17th day of January, 1912.

[SEAL.]

GILES KELLOGG,
Secretary of Producers Transportation Company.

141 Know All Men by These Presents:

That we, the undersigned, being a majority of the Directors and the Secretary of said Producers Transportation Company, hereby certify that the above and foregoing By-Laws do now constitute and are the By-Laws of said corporation.

Witness our hands and seals this 17th day of January, 1912.

L. P. ST. CLAIR, [SEAL.]

W. L. STEWART, [SEAL.]

CHESTER W. BROWN, [SEAL.]

— — —, [SEAL.]

— — —, [SEAL.]

GILES KELLOGG, [SEAL.]

— — —, [SEAL.]

Directors of Producers Transportation Company.

[SEAL.] GILES KELLOGG,
Secretary of Producers Transportation Company.

142 [Endorsed:] By-Laws of Producers Transportation Co.
Adopted June 15, 1909. Amended Jan. 17, 1912.

143 EXHIBIT F.

Producers Transportation Co.

On motion duly seconded and unanimously carried the following resolution was adopted:

Whereas, Messrs. S. W. Morshead, L. P. St. Clair and the Union Oil Company of California have presented in writing their offer to this Company, as follows:

Bakersfield, Cal., June 15, 1909.

To the Board of Directors of Producers Transportation Company,
Bakersfield, Cal.

GENTLEMEN: The undersigned beg to submit to you the following offer or proposition, viz:

We have secured certain pipe line rights of way looking to the construction of a pipe line from Port Harford to Coalinga, Bakersfield, Sunset, Midway and McKittrick; you are familiar with said rights of way, and a list thereof has been submitted to you.

We have also secured agreements from certain oil producers in the Coalinga and in the Kern County oil fields, whereby they agree to transport all of their production through a pipe line to be constructed from various oil fields in Fresno and Kern Counties, for a period of ten years from February 1, 1910. You are familiar with said agreements, which have been submitted to and inspected by you.

We have also secured an agreement from the Independent Oil Producers' Agency of Bakerfield and an agreement from the Coalinga Oil Producers' Agency of Coalinga, whereby they agree for said period of ten years from February 1, 1910, that they will transport through such pipe line all oil that may come under their control.

We also have the field notes and maps of surveys for proposed pipe line from Port Harford to the fields above mentioned.

We propose to transfer and turn over to your Company all of the said rights of way, pipe line agreements, field notes and surveys, and in addition thereto, to enable the construction of the pipe line by your Company, the undersigned Union Oil Company of California guarantees that it will supply your corporation with \$3,500,000 in cash, the same to be advanced as needed by your corporation.

In consideration for said transfers and such guaranty of said funds, your Company shall agree as follows:

(a) You will cause to be issued and delivered to the Union Oil Company of California, or to such person or persons as it may designate, bonds of your Company to the extent of \$3,500,000- to be secured by first mortgage or deed of trust on all of your property now owned or which may hereafter be acquired by you; said bonds to be each of the denomination of \$1,000 and to bear interest at the rate of 5% per annum, payable semi-annually; said bonds and the mortgage or deed of trust to be given as security therefor to be in the form usual in such transactions. The Union Oil Company of California agrees that it will insure and guarantee to any holders thereof all principal and interest upon said bonds as the same become due.

(b) Your Company is also to issue to the Union Oil Company of California, or to such person or persons as it may designate, 69,993 shares of its capital stock, the same to be fully paid up.

Your acceptance of this offer will constitute the same a valid and binding contract for the purposes herein set forth.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA,

By LYMAN STEWART, *Pres.*,

By GILES KELLOGG, *Secy.*

S. W. MORSHEAD.

L. P. ST. CLAIR.

Accepted June 15, 1909.

PRODUCERS TRANSPORTATION COMPANY,

By L. P. ST. CLAIR, *President.*

By M. V. McQUIGG, *Secretary.*

And Whereas, in the opinion of this Board of Directors it is to the best interests of this corporation that said offer be accepted,

Now, therefore, be it resolved that said offer be, and the same is, hereby accepted, and that the President and the Secretary of this Company be and they are hereby authorized, empowered and directed, for and on behalf of this Company, in its name, under its

seal, and as its act and deed, to execute written acceptance of said offer.

Resolved further, that the President and the Secretary be and they are hereby further authorized, empowered and directed to take all other proper and necessary steps for carrying out the provisions of said offer.

146

EXHIBIT G.

Trust Indenture.

Producers Transportation Company to Los Angeles Trust Company, Trustee, Securing a Bonded Indebtedness of \$3,500,000.

"Producers Transportation Company First Mortgage, Five Per Cent, Sinking Fund, Twelve Year, Gold Bonds."

147 *Copy of Deed of Trust or First Mortgage from Producers Transportation Company to Los Angeles Trust Company, Trustee, Given to Secure Originally Created Bonded Indebtedness of \$3,500,000, Evidenced by 3500 Bonds of Par Value of \$1000 Each, Known as "Producers Transportation Company First Mortgage, Five Per Cent, Sinking Fund, Twelve Year, Gold Bonds."*

Dated July 1, 1909.

Sinking Fund Commences July 1, 1912.

Bonds Guaranteed by Union Oil Company of California. Interest Payable Semi-annually at Los Angeles Trust Company, Los Angeles, Cal., or Banking House of Kountze Bros., New York City, N. Y.

148 Press of Kingsley, Moles & Collins Co., Los Angeles, Cal.

149

Parties.

This Indenture made as of the 1st day of July, A. D. 1909, by and between Producers Transportation Company, a corporation duly organized and existing under and by virtue of the laws of the state of California and having its principal place of business in the city of Bakersfield, county of Kern, state of California, party of the first part, and the Los Angeles Trust Company, a corporation organized and existing under and by virtue of the laws of the state of California, having its principal place of business in the city of Los Angeles, county of Los Angeles, state of California, party of the second part,

Recitals

Witnesseth: That, whereas, on June 24th, 1909, party of the first part had no bonded indebtedness, and prior to said date, no steps or

proceedings whatsoever had been taken by either the stockholders or the board of directors of the party of the first part, for the purpose of or relating to the creation of a bonded indebtedness of or for said corporation, and

Purposes.

Whereas, for the purpose of providing monies to pay existing indebtedness of party of the first part and such indebtedness as may hereafter be incurred by it, and for acquiring additional rights of way and terminal facilities, and for securing pipe lines and other transportation and storage facilities, and other plants, equipment and everything accessory or relative thereto, and for acquiring other properties to be used in and in connection with the business and within the purposes of said corporation, and in extending the business and carrying into effect the various purposes of said corporation, the stockholders and board of directors of said Producers Transportation Company deem it expedient to originally create the bonded indebtedness of said corporation in the sum of three million five hundred thousand dollars (\$3,500,000), and

Authorization by Stockholders.

Whereas, on said 24th day of June, 1909, there was filed with the secretary of party of the first part, by the stockholders of said corporation their written assent, approval and authorization for the original creation of the bonded indebtedness of said Producers Transportation Company, in words and figures as follows:

Authorization by Stockholders Continued.

"We, the undersigned, owners and holders in the aggregate of 70,000 shares of the capital stock of the Producers Transportation Company, being the total capital stock of said company, hereby approve, assent to and authorize the creation of the originally created bonded indebtedness of said corporation in the sum of three million, five hundred thousand dollars (\$3,500,000); said originally created bonded indebtedness to be evidenced and represented by three thousand, five hundred (3,500) bonds of the par value of one thousand dollars (\$1,000) each, dated July 1st, 1909, to become due July 1st, 1921, to draw interest at the rate of five per cent (5%) per annum payable semi-annually, said interest to be evidenced by coupons attached to said bonds, payable on the first days of January and July of each year; said bonds and interest to be secured by a deed of trust or mortgage on all of the real and personal property, franchises, rights and interests of every kind, name, nature and character whatsoever of said Producers Transportation Company now owned or held by said company or which may hereafter be acquired by said company; said bonds and the coupons attached thereto and said deed

*Marginal notes not on original.

of trust to be in such form and to contain such provisions, covenants, agreements and conditions and to be in all respects as the Board of Directors may deem necessary, proper or expedient or which they may authorize to be executed.

"We hereby further authorize and empower the Board of Directors to take any and all steps and perform any and all acts which may be necessary or which they deem expedient in connection with the creation of said originally created bonded indebtedness and otherwise to carry out the purposes of this approval, assent and authorization.

"In witness whereof we have hereunto set our hands this 24th day of June, 1909."

which said written assent, approval and authorization was signed by the holders of all of the capital stock of said Producers Transportation Company, and

Directors' Meeting.

Whereas, a meeting of the board of directors of said Producers Transportation Company was held at two o'clock p. m. of Thursday, June 24th, 1909, at the principal place of business of said Producers Transportation Company, at the building where the board of directors of said company usually meets, to-wit: No. 1913 Chester avenue, ground floor, in the city of Bakersfield, Kern county, California, which said meeting was duly called for the purpose of considering, acting upon, and voting upon the proposition of originally creating a bonded indebtedness of said Producers Transportation Company, in the sum of three million five hundred thousand dollars (\$3,500,000), due notice of which meeting was given to each of the directors of said corporation in all respects as required by law and the by-laws of said corporation, and at which meeting all of the members of the board of directors of said Producers Transportation Company were present and voting, and

Resolutions of Board of Directors.

Whereas, at said meeting of the board of directors of said party of the first part a resolution was adopted, passed and concurred in, by the unanimous vote of the directors of said company, originally creating a bonded indebtedness of said company in the sum of three million five hundred thousand dollars (\$3,500,000); said originally created bonded indebtedness to be evidenced and represented by three thousand five hundred (3,500) bonds of the par value of one thousand dollars (\$1,000) each, dated July 1st, 1909, to become due July 1st, 1921, to draw interest at the rate of five per cent (5%) per annum, payable semi-annually, such interest to be evidenced by coupons attached to such bonds, and payable to bearer, upon the first days of January and July of each year, both principal and interest of said bonds to be payable in United States gold coin of the present standard of weight and fineness, at the office of Los Angeles Trust

Company, in the city of Los Angeles, state of California, or at the banking house of Kountze Brothers in the city of New York, state of New York, at the option of the holder thereof; and by said resolution it was further ordered that said bonds and coupons be prepared, executed and issued in the name and under the corporate seal of said Producers Transportation Company, by its president and its secretary, but the coupons may be executed by the engraved signature of the secretary of said corporation; and that said bonds and coupons and the certificate of said Los Angeles Trust Company, as trustee, and the guarantee of the Union Oil Company of California upon said bonds, shall be in the form or substantially in the form following, to-wit:

Form of Bond.

\$1,000.

United States of America,

State of California,

No. —.

No. —.

Producers Transportation Company.

First Mortgage, Five Per Cent, Sinking Fund, Twelve Year, Gold Bond.

For value received, the Producers Transportation Company, a corporation organized and existing under the laws of the state of California, and having its principal place of business at Bakersfield, county of Kern, state of California, promises to pay to the bearer hereof or to the registered holder of this bond, if the same be registered, One Thousand Dollars (\$1000) in gold coin of the United States of America, of the present standard of weight and fineness, on the first day of July, in the year 1921, at the office of the Los Angeles Trust Company, in the city of Los Angeles, state of California, or at the banking house of Kountze Brothers in the city of New York, state of New York, at the option of the holder hereof, and to pay interest thereon from the date hereof until paid, at the rate of five per cent per annum, at the places specified in the annexed coupons, in like gold coin, semi-annually, on the first days of January and July in each year, upon the presentation and surrender of said interest coupons as they severally mature.

This bond is one of a series of first mortgage, five per cent, sinking fund, twelve year, gold bonds of the Producers Transportation Company, of the denomination of one thousand dollars (\$1000) each, numbered from one (1) to three thousand five hundred (3500), both numbers inclusive, issued and to be issued to an amount not to exceed in the aggregate the principal sum of three million five hundred thousand dollars (\$3,500,000) under the provisions of, and to be equally secured by, a mortgage or deed of trust dated July 1st,

153 A. D. 1909, and executed by the Producers Transportation Company to the Los Angeles Trust Company, of Los Angeles, California, as trustee, to which mortgage or deed of trust reference is hereby made for the description of the property, rights and franchises mortgaged and conveyed, the nature and extent of the security and rights of the holders of bonds under the same and the terms and conditions upon which all and singular said bonds are issued and secured.

This bond shall pass by delivery unless registered in the owner's name on the books of said Producers Transportation Company, such registry being noted on the bond by said last mentioned corporation. After such registry, no transfer shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized, and similarly noted on the bond. The same may be discharged from registry by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored, but this bond may again, from time to time, be registered and transferred to bearer as before. Such registry, however, shall not affect the negotiability of the coupons which shall continue to be transferable by delivery.

This bond shall not be obligatory for any purpose until authenticated by the certificate, endorsed hereon, duly signed by the said trustee.

In witness whereof, the Producers Transportation Company has caused these presents to be signed by its president, and its corporate seal to be hereunto affixed, and to be attested by its secretary, and coupons for said interest with the engraved fac-simile signature of its secretary to be attached hereto, as of the first day of July, A. D. 1909.

PRODUCERS TRANSPORTATION COMPANY,

By ———, *President*.

Attest:

———, *Secretary*.

154

Form of Coupon.

(Coupon.)

Coupon No. —.

\$25.

On the first day of — 19—.

Producers Transportation Company

will pay to bearer, at the office of Los Angeles Trust Company, in the city of Los Angeles, state of California, or at the banking house of Kountze Brothers, in the city of New York, state of New York, at the option of the holder hereof, twenty-five dollars (\$25) in

United States gold coin, being six months' interest then due on its first mortgage five per cent sinking fund twelve year gold bond No. —.

— — —, *Secretary.*

Form of Trustee's Certificate.

(Trustee's Certificate.)

The Los Angeles Trust Company hereby certifies that the within bond is one of a series of bonds described in, secured by and subject to the terms of the within mentioned mortgage or deed of trust, dated July 1st, A. D. 1909, and executed by the Producers Transportation Company to the undersigned as trustee.

LOS ANGELES TRUST COMPANY,
By — — —, *President.*

Form of Guaranty.

(Guaranty.)

For valuable consideration to it moving, Union Oil Company of California hereby guarantees the payment of the within and foregoing bond, both principal and interest, to the holder thereof according to the terms of said bond and the coupons thereto attached.

In witness whereof, said Union Oil Company of California has caused these presents to be signed by its president and its corporate seal to be hereunto affixed, and to be attested by its assistant secretary, this first day of July, A. D. 1909.

UNION OIL COMPANY OF CALIFORNIA,
By — — —, *President.*

Attest:

— — —,
Assistant Secretary.

155

Form for Registration.

(Registration.)

NOTE.—No writing on this bond except by an officer of the company.

Date of registry.	In whose name registered.	Transfer agent.
.....
.....
.....
.....
.....
.....

Form of Endorsement on Back of Bond.

(Endorsement.)

No. —.

United States of America,
State of California.

Producers Transportation Company

First Mortgage
Five Per Cent
Sinking Fund
Twelve Year
\$1,000
Gold BondPrincipal Due
July 1st, 1921.Interest Payable
January 1st and July 1st.Principal and Interest Payable
at
Los Angeles Trust Company,
Los Angeles, California,
or at the
Banking House of
Kountze Brothers,
in the City of New York,
at the option of the holder.

156 Authorization of Deed of Trust or Mortgage.

And, Whereas, said board of directors of party of the first part, at the meeting held as last aforesaid, by said resolution, adopted in the manner and form and by the vote aforesaid, did further order and direct that to secure the payment of said bonds and coupons, the said party of the first part should execute, in its name and under its corporate seal, and deliver to the said Los Angeles Trust Company, as trustee, upon the terms and conditions embodied in and in the form expressed in this indenture, a deed of trust or mortgage on all of the real and personal property, rights, franchises and interests of whatsoever kind, character, name or nature now owned by said Producers Transportation Company and also all that which it may hereafter acquire, and

Appointment of Trustee.

Whereas, at said meeting of said board of directors held as last aforesaid, said board of directors, by said resolution adopted by the unanimous vote of said board as aforesaid, did select the said Los Angeles Trust Company to be the trustee in and of this mortgage or deed of trust, and

Authorization of Sinking Fund.

Whereas, said board of directors, at said meeting last aforesaid, by said resolution adopted in the manner and form and by the vote aforesaid, did further direct that a sinking fund for the redemption of outstanding bonds, issued hereunder, should be created in the sums, at the times, and in all respects in the manners in this indenture hereinafter further set forth; the sums of money so set apart to be paid to the trustee hereunder and to be used and especially applied to the redemption of said bonds on or before their maturity as hereinafter provided; and

Copies of Resolutions Mailed Stockholders.

Whereas, the secretary of said Producers Transportation Company, subsequent to June 24th, 1909, and prior to the time the certificate hereafter referred to was made and signed or filed, did address by mail, postage fully prepaid, a copy of all and singular said resolutions hereinabove referred to, so adopted, passed and concurred in by the unanimous vote of said board of directors of said company, at said meeting of said board held at the time and
157 place aforesaid, so originally creating the bonded indebtedness of said Producers Transportation Company, to each of the stockholders whose names appear upon the company's books as sufficiently addressed or identified, at his place of residence, (all of the places of residence of all of said stockholders of said company being known to said secretary), and mailed said respective copies of said resolutions to said respective stockholders with the proper postage thereon prepaid; and

Stockholders Assent and Ratification.

Whereas, prior to the time the certificate hereafter referred to was made and signed, and prior to the filing thereof, there was filed with the secretary of said Producers Transportation Company, the written approval and assent of the stockholders of said company holding in the aggregate all of the subscribed capital stock and all of the issued capital stock of said company, to-wit; all of the capital stock of said company, assenting to, approving, ratifying and confirming said original creation of the bonded indebtedness of said Producers Transportation Company, and said originally created bonded indebtedness of said company in said sum of three million five hundred thou-

sand dollars (\$3,500,000) to be evidenced and represented by three thousand five hundred (3,500) bonds of the par value of one thousand dollars (\$1,000) each, dated July 1st, 1909, to become due July 1st, 1921, to draw interest at the rate of five per cent (5%) per annum payable semi-annually, to be secured by a deed of trust or mortgage on all the real and personal property, franchises, rights and interests of every kind now owned by or which may hereafter be acquired by said company, said bonds and the coupons attached thereto and said deed of trust or mortgage given to secure the same to be in all respects as herein set forth, and as provided for and set forth in resolutions of said board of directors of said company, hereinabove referred to; and also approving, assenting to, ratifying and confirming all and singular the said resolutions of the board of directors of said company hereinbefore referred to, originally creating its bonded indebtedness in said sum of three million five hundred thousand dollars (\$3,500,000), and approving, assenting to, ratifying and confirming each and every provision, paragraph and part of said resolutions, aforesaid, and of said deed of trust or mortgage and of the said bonds and coupons, therein set forth and referred to; and also approving, assenting to, ratifying and confirming said meeting and the holding of said meeting of said board of directors of said company at which said resolution originally creating said bonded indebtedness was adopted, and,

Filing of Certificate.

Whereas, a certificate under the corporate seal of party of the first part has been made and signed by the president and the secretary of said Producers Transportation Company and signed by a majority of the board of directors of such corporation, showing a compliance by such corporation with the requirements of sub-division fifth of section 359 of the Civil Code of the state of California, and the amount of bonded indebtedness of said corporation so originally created and the total amount of the stock represented by the written assent of stockholders of said Producers Transportation Company to the creation of said originally created bonded indebtedness, filed with the secretary of said company, as aforesaid, and the fact that no stockholders of said corporation filed any written dissent with the secretary of said company or otherwise, and also showing the total number of subscribed and the total number of issued shares of the capital stock of said Producers Transportation Company, and in all respects of the tenor and in the manner and form prescribed by the laws of the state of California in that behalf made and provided, which said certificate was duly verified by the oath of said president and said secretary of said Producers Transportation Company, and which said certificate has been filed in the office of the county clerk of the county of Kern, where the original articles of incorporation of said corporation are filed, and a certified copy of said certificate, so filed as aforesaid, has been filed in the office of the secretary of state of the state of California as required by law, and

159

All Matters Precedent Performed.

Whereas, all the pre-requisite steps and proceedings, acts and things essential to the proper, due and legal creation of said originally created bonded indebtedness, and to the proper, due and legal authorization of said bonds and of this indenture have been taken by the proper bodies, officers and persons, and in due and proper form, time and manner,

Grant and Pledge—All Property.

Now therefore this Indenture Witnesseth:

That in order to secure the payment of the principal and interest of all said bonds at any time issued and outstanding under this indenture according to their tenor, purport and effect, and to secure the performance and observance of all the covenants and conditions herein contained, and to declare the terms and conditions upon which said bonds are issued, and for and in consideration of the premises and of the sum of ten (\$10) dollars, lawful money of the United States of America to it in hand paid by the said party of the second part at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, the Producers Transportation Company, the party of the first part, has granted, bargained, sold, assigned, transferred, conveyed, mortgaged and pledged and by these presents does grant, bargain, sell, assign, transfer, convey, mortgage and pledge unto the said Los Angeles Trust Company, the party of the second part, as trustee, and to its successors in the trust hereby created, all the following properties now owned or hereafter to be constructed or acquired by the party of the first part, to-wit: All property of whatsoever kind, real, personal and mixed, and franchises, rights, and interests of whatsoever kind, character, name or nature, now owned or held by said Producers Transportation Company, the said party of the first part, in any and all places in the county of Kern, and in any and all places in the county of Fresno and in any and all places in the county of Kings, and in any and all places in the county of San Luis Obispo, state of California, and in any and all other places whatsoever; also all of the real and personal property and all franchises, rights, and
 160 interests of whatsoever kind, character, name or nature which may at any time hereafter be constructed or in any manner acquired by said party of the first part within the state of California, or elsewhere.

Habendum—Trust Declared.

To Have and to Hold all and singular the above mentioned and described property, premises and franchises, together with the appurtenances to the same, and also any and all property, real, personal and mixed, which hereafter may be conveyed to, or in any manner acquired by, said party of the first part, unto the said party of the

second part and its successors and assigns forever, but in trust, nevertheless, for the equal and pro rata benefit and security of all and every the persons or bodies corporate who are or which shall be or in time become, the holder or holders of any of said bonds or the coupons appertaining thereto, issued under and secured by this indenture, and for the enforcement of the payment of said bonds and interest, when payable, according to the tenor, purport and effect of said bonds and coupons and to secure the performance and observance of and compliance with the covenants and conditions of this indenture;

Equal Security for All Bonds.

Without preference, priority or distinction as to lien or otherwise, of one bond or coupon over any other bond or coupon by reason of priority in the issue, sale or negotiation thereof, or by reason of the purpose of its issue, so that each and every bond issued or to be issued hereunder shall have the same right, lien and privilege, under and by virtue of this indenture, and so that the principal and interest of every such bond shall, subject to the terms hereof, be equally and proportionately secured hereby, as if all had been duly issued, sold and negotiated simultaneously with the execution and delivery of this indenture;

Defeasance.

Provided, always, and these presents are upon the express condition, that if and when the party of the first part or its successors or assigns, shall well and truly pay or cause to be paid to the holders of the said bonds and coupons when and as the same shall become
161 due and payable, the principal and interest and moneys secured thereby, according to the terms, provisions and conditions, tenor or effect of the said bonds and coupons, or shall have deposited in said gold coin with said trustee, or its successors, the entire amount of principal and interest of all said bonds outstanding, and shall also pay or cause to be paid all sums accrued and herein provided to be paid by party of the first part, and shall well and truly keep and perform all covenants and conditions to be kept and performed by it as herein provided, then these presents and the estate hereby granted shall cease, determine and be null and void; and the trustee in such case, on demand of party of the first part and at its cost and expense, shall upon surrender and cancellation of all bonds and coupons, for the payment of which said gold coin shall not have been deposited as aforesaid, execute proper instruments acknowledging satisfaction of this indenture.

Possession Prior to Default.

Provided, further, and these presents are on the express condition, that until default shall be made by the said party of the first part, or its successors or assigns, in the payment of the principal or inter-

est due upon said bonds or some part of them, or some part thereof, as hereinafter provided, or until default shall be made in the due and punctual observance of any of the covenants and conditions to be kept and performed by said party of the first part, and until such default shall have been continued beyond the period of grace, if any, herein provided in respect thereof, the said party of the first part, its successors or assigns, shall be suffered and permitted to possess and enjoy all and singular said properties and premises with the appurtenances, and all and singular the rights and franchises hereinbefore described, and to receive, take and use the tolls, income, issues, earnings and profits thereof.

Sinking Fund Creation.

This Indenture Further Witnesseth: That the said party of the first part hereby agrees and covenants to and with the party of the second part, and its successors in the said trust, and to and with the respective persons and corporations who, or which shall at any time become holders of the said bonds secured hereby, or any
162 of them, that it will create and provide a sinking fund, to be deposited with said trustee for the redemption of outstanding bonds issued hereunder at the times, in the amounts and in the manner as follows, to-wit:

Commencing July 1, 1912—Purchase of Bonds for Sinking Fund— Other Securities.

That commencing with the year 1912, and prior to the 1st day of July of said year, and during, but prior to the 1st day of July of each respective year thereafter, up to and including the year 1921, the party of the first part shall accumulate and have on hand on account of and for the purpose of said sinking fund, in gold coin of the United States of America of the present standard of weight and fineness, a sum which shall be equal to ten per cent (10%), par value, of the total amount of the bonds secured hereby, then certified, issued and outstanding (including bonds theretofore deposited with the trustee as, for and on account of said sinking fund), which said sum is hereinafter designated and called "Annual Sinking Fund Sum"; that said "Annual Sinking Fund Sum" so accumulated in each of such years, shall be specially applied and devoted to the redemption of bonds of said Producers Transportation Company secured by these presents, on or before their maturity; that the party of the first part shall, on or before the 15th day of June of each said years, invite bids for the sale to it of said bonds secured hereby, sufficient in amount for the investment of said annual sinking fund sum; that party of the first part shall, during the month of June in each such year, excepting the year 1921, purchase such an amount of said bonds, secured hereby, as are offered for sale to it, or which it is able to secure in the open market or otherwise, at a price not exceeding 104% of the par value of said bonds, and accrued interest, respectively, to the extent of said annual sink-

ing fund sum. All of said bonds, secured hereby, so purchased from the annual sinking fund sum each such year, together with the balance of said annual sinking fund sum for such year, in said gold coin, shall be and shall constitute the sinking fund for such year, and the party of the first part shall, on the 1st day of July, 1912, and on the 1st day of July of each respective year thereafter, up to 163 and including the year 1921, deliver and pay to said trustee such bonds, secured hereby, and such gold coin, so constituting said sinking fund for such year, as aforesaid. In delivering or paying said sinking fund to said trustee, hereunder, on the 1st day of July of each such year, in lieu or in place of either said bonds secured hereby, or said gold coin, the party of the first part may deliver to said trustee such other securities as may be approved by such trustee, at their face or par value, as payment of so much of said sinking fund, and the same shall be accepted as and constitute a part of said sinking fund for such year. It is further provided and agreed, however, that said sinking fund to be paid and delivered to said trustee hereunder, each of said years, whether the same consists of said bonds, secured hereby, or said other securities, or of said gold coin, or partly of one and partly of either or both the others, shall be equivalent to and equal in value to said "Annual sinking fund sum" for such year (computing the value of said bonds, secured hereby, at the actual amount paid therefor, not exceeding one hundred four per cent (104%) of the par value thereof and accrued interest, and computing the value of each of said other securities at their face or par value).

Sale of Other Securities.

Any and all securities, other than bonds secured hereby, received and held by said trustee for and as a part of the sinking fund, may on order of party of the first part, at any time and from time to time be sold, at either public or private sale, and to such persons and at such price, not less than the par value thereof, as shall be agreed upon by party of the first part and said trustee, and the proceeds shall be part of said sinking fund.

Investment of Cash in Sinking Fund.

All money paid to the trustee on account of sinking fund hereunder at any time shall forthwith be invested by the trustee in such securities as shall be jointly approved by said trustee and by the board of directors of party of the first part. All interest, dividends or other income derived from such investments, and from securities deposited with said trustee, shall in like manner be invested or re-invested as a part of said sinking fund. Provided, however, 164 that all monies and securities in said sinking fund shall at all times remain primarily applicable and shall be applied to the purchase of bonds issued hereunder, whenever the same may be purchasable at a price not higher than one hundred and four per cent (104%) of the par value thereof and accrued interest, and

the trustee is hereby authorized to use all available funds in its hands at any time for the purchase of bonds, secured hereby, at private or public sale, at stock exchanges, in open market or otherwise, as may seem most advisable and practicable, at a price not exceeding one hundred four per cent (104%) of the par value of such bonds and accrued interest.

Cancellation of Retired Bonds.

All bonds, issued hereunder, so purchased by the trustee or which may at any time be delivered to or acquired by said trustee as a part of said sinking fund, as provided hereunder, shall forthwith upon receipt thereof be cancelled by the trustee, together with the coupons attached thereto, by writing or stamping across the face thereof the word "Cancelled," and the date of cancellation thereof, which shall be the date of purchase or deposit of such bonds with said trustee, and said trustee shall also at the same time destroy the signature on said bonds and coupons attached thereto by causing holes to be punched in said signatures, and said trustee shall preserve said bonds and coupons so cancelled as evidence of said cancellation.

Taxes.

The party of the first part agrees and covenants that it will from time to time duly pay and discharge all taxes, water rates, assessments and governmental charges lawfully imposed upon the property, franchises and premises hereby conveyed or mortgaged, or upon any part thereof, or upon the income or profits thereof, the lien of which might or could be held prior or superior to the lien of this indenture, so that the priority of this indenture shall be fully preserved in respect of such properties;

Removal or Resignation of Trustee—Appointment of Successor—
Temporary Trustee—Conveyance from Trustee to Successor.

The Trustee may be removed at any time by an instrument in writing executed by the holders of the majority in amount of the bonds hereby secured then outstanding. In case the trustee, or any trustee hereafter appointed, shall at any time resign or be removed or otherwise become incapable of acting, a successor or successors may be appointed by the holders of the majority in amount of the bonds hereby secured then outstanding by an instrument or concurrent instruments or counterparts signed by such bondholders or their attorneys in fact, duly acknowledged; provided, nevertheless, and it is hereby agreed and declared, that in case there shall at any time be a vacancy in the office of trustee hereunder the party of the first part may by an instrument executed by order of its board of directors, appoint a trustee to fill such vacancy until a new trustee shall be appointed by the bondholders as herein authorized, but any new trustee so appointed by the party of the first part shall immediately and without further act be super-

seded by a trustee appointed in the manner above provided by the holders of a majority in amount of the bonds hereby secured. Every such new trustee appointed in place of the trustee, or its successors in the trust, shall always be a trust company in good standing, authorized to accept such trust. Any such new trustee appointed nereunder shall execute, acknowledge and deliver to the party of the first part an instrument accepting such appointment hereunder, and thereupon such new trustee, shall without further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder, with like effect as if originally named as trustee herein but the trustee retiring shall, nevertheless, on the written demand of the new trustee, execute and deliver an instrument conveying and transferring to such new trustee upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the trustee so retiring, and shall duly assign, transfer and deliver to the new trustee so appointed in its place all properties and moneys held by it. Should any deed, conveyance or instrument in writing from the party of the first part be required by any new trustee for more fully and certainly vesting and confirming to it the said estates, properties, rights, powers, trusts
 166 and duties, then any and all such deeds, conveyances and instruments in writing shall, on request of such new trustee, be made, executed, acknowledged and delivered by the party of the first part.

After Acquired Property Subject Hereto—Property Acquired Subject to Prior Liens.

And any and all property, real, personal and mixed, which hereafter may be conveyed to, constructed or in any manner acquired by said party of the first part, shall ipso facto forthwith become subject to all of the provisions of this deed of trust as a first lien thereon, excepting only as to any prior mortgage or lien on any property hereafter acquired by it, existing at the date of acquisition of such property by party of the first part, and all said property shall become vested in said trustee as security for the payment of said bonds, as fully as though the same were conveyed in trust to said trustee by a proper instrument in writing; but should any deed, conveyance or instrument in writing from the party of the first part be required by any trustee hereunder for more fully and certainly vesting in and confirming to it the said estates, properties, rights, powers and duties, or to more fully effectuate the intention of these presents and to more fully secure the said bonds, then any and all such deeds, conveyances and instruments in writing shall, on the request of such trustee, be made, done, executed, acknowledged and delivered by the party of the first part.

Form and Name of Bonds.

The bonds issued under and secured by this indenture, together with the interest coupons pertaining thereto, shall be substantially

of the tenor or purport above recited and shall be known as "Producers Transportation Company first mortgage, five per cent, sinking fund, twelve year gold bonds."

Execution and Certification of Bonds.

The said bonds shall be of the denomination of one thousand dollars (\$1000) each, and shall from time to time be executed on behalf of the party of the first part by its president, and its corporate seal shall be thereunto affixed and attested by its secretary.

Execution by Former Officers.

The bonds shall then be delivered to said trustee for certification by it, and the said trustee shall thereupon certify and deliver said bonds as hereinafter provided, and not otherwise. The said
167 bonds shall be executed in the name and under the corporate seal of said corporation by its present president and secretary or by their successors in office. In case the officers who shall have signed and sealed any of said bonds shall cease to be the officers of the party of the first part before the bonds so signed and sealed shall have been actually certified by the said trustee or delivered, such bonds may, nevertheless, be adopted by the party of the first part, and upon written request of the party of the first part be issued, certified and delivered by the said party of the second part subject to the provisions hereof, as though the persons who signed and sealed such bonds had not ceased to be officers of the party of the first part.

Execution of Coupons.

The coupons to be attached to said bonds shall be authenticated by the engraved signature of the present secretary of the party of the first part, notwithstanding the fact that he may have ceased to be such secretary at the time when such bonds shall be actually certified and delivered.

Bonds Must be Certified.

Only such bonds as shall have thereon endorsed a certificate substantially in the form hereinbefore recited, executed by the said trustee, shall be secured by this indenture or entitled to any lien, right or benefit hereunder, and such certificate of the said trustee upon any such bond, executed as aforesaid, shall be conclusive evidence that the bond so certified has been duly issued hereunder, and that the holder is entitled to the benefit of the trusts hereby created.

Matured Coupons Detached Before Certification.

Before certifying or delivering any bond, all coupons pertaining thereto then matured shall be cut off, cancelled and delivered to the party of the first part.

Authorized Issue.

The aggregate amount of all the bonds which may be issued and outstanding under this indenture or entitled to the security thereof at any time, shall not in any event exceed the sum of three million five hundred thousand dollars (\$3,500,000), face value of the principal thereof.

Registry Agencies.

The party of the first part further agrees and covenants
168 that it will keep at the office of the Los Angeles Trust Company, in the city of Los Angeles, California, or at some bank or trust company in said city, an office or agency to be maintained by it, where a sufficient register or registers of bonds issued hereunder shall at all reasonable times be open for inspection by the trustee, and any holder of bonds issued hereunder, and that upon presentation for such purposes, it, the party of the first part, or its said agents, will register or cause to be registered therein, under such reasonable regulations as it may prescribe, any bonds issued under the provisions hereof.

Registration.

The holder of any bonds issued hereunder, may have the ownership thereof registered on said books, and such registry noted on the bond, after which no transfer shall be valid unless made on the said books by the registered owner in person, or by his attorney duly authorized, and similarly noted on the bond. But the same may be discharged from registry by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored, but such bond may again and from time to time be registered or transferred to bearer as before; such registrations, however, shall not affect the negotiability of the coupons, but every such coupon shall continue to pass by delivery and shall remain payable to bearer. The registered holder of any bond so registered shall be regarded for all purposes as the owner thereof, and neither the party of the first part, nor the trustee, shall be affected by any notice to the contrary, or by any trust or equity claimed by any other person in respect thereto.

Replacement of Mutilated Bonds.

In case any bond issued under this indenture or the coupons thereto appertaining, shall become mutilated or destroyed, the party of the first part may issue, and thereupon the trustee shall certify and deliver, a new bond of like tenor and date, bearing the same serial number as the one mutilated or destroyed, in exchange for and in place, and upon cancellation of, the mutilated bond or coupons, or in lieu thereof, a substitution for the same if destroyed.

169

Proof of Destruction and Indemnity.

In case of the destruction of any bond issued hereunder, the applicant for a bond to be substituted therefor shall furnish to the party of the first part and the trustee evidence of the destruction of such bond or coupons so destroyed, which evidence must be satisfactory to the party of the first part and to said trustee in their discretion, and such applicant shall also furnish indemnity satisfactory to said party of the first part and said trustee in their discretion.

Applicant for Substitute Bonds to Pay Expenses.

And said applicant for such substituted bond, either in case of mutilation or destruction of the bond for which the same is to be substituted, shall also pay all necessary expenses incurred by said party of the first part in making and issuing said substituted bond and coupons, as well as all expenses incurred by said trustee in relation thereto.

Delivery of Bonds.

Said bonds of the Producers Transportation Company, secured hereby, shall from time to time be executed by party of the first part, and be delivered to said trustee for certification by it, and said trustee shall thereupon certify said bonds, and it shall deliver said bonds to party of the first part as follows:

Initial Delivery—Subsequent Deliveries.

Said trustee shall, forthwith upon execution and certification thereof, deliver to party of the first part one thousand (1000) of said bonds, aggregating one million dollars (\$1,000,000) face value, and the remaining two thousand five hundred (2500) of said bonds, aggregating two million five hundred thousand dollars (\$2,500,000) face value, shall thereafter from time to time be certified, and delivered to first party by said trustee upon receipt by said trustee of written order of party of the first part therefor accompanied by a copy of resolution of the board of directors of the party of the first part, duly certified to be correct by its president or vice-president and its secretary, which resolution shall in each case recite and declare the amount of moneys and funds which the party of the first part has theretofore actually expended in the purchase and construction or otherwise acquiring of additional plant, easements, property, equipment, franchises, rights and privileges or in the extension of its plant or system and in addition to the property owned by it on July 1st, 1909, such resolution shall also show that such additional property and equipment has become and is subject to the lien of this deed of trust or mortgage, as a first lien thereon, excepting as hereinbefore provided. Such resolution shall also state that the bonds so requested to be certified and delivered are necessary to be used by party of the first part in payment in

whole or in part for such additional plant, easements, property, franchises, equipment, rights or privileges or is necessary to be used by party of the first part in conducting its business or to carry out the purposes for which it was incorporated. Thereupon the trustee shall certify and deliver to the party of the first part bonds secured hereby as requested by such order and resolution, and without any further act or thing being required to be done by party of the first part, except as herein provided.

Use of Bonds—Conveyance to Trustee of After Acquired Property.

The party of the first part agrees and covenants that all of the bonds hereby secured and mentioned in the last foregoing paragraph, which shall be delivered to it, shall be deemed and held by it as a trust fund, to be used and applied solely for the purpose provided in said last paragraph ~~mentioned~~ and that any property, rights or franchises which said party of the first part may hereafter acquire, whether by means of the proceeds of any of said bonds, or otherwise, shall, excepting as hereinbefore provided, forthwith and without further conveyance, be and become subject to the lien of this indenture as a first charge and lien thereon, as fully as if specifically described herein; but if requested by the trustee, the party of the first part shall convey the same to the trustee by proper deeds, assignments or instruments of transfer to be held as additional security upon the trusts and for the purposes of this indenture.

Time for Payment of Coupons Not to be Extended.

In order to prevent any accumulation after maturity of coupons, the party of the first part agrees and covenants that it will not, directly or indirectly, extend or assent to the extension of the time for payment of any coupon upon any bonds secured hereby, and that it will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said coupons, or in any other manner; in case the time for payment of any such coupons shall be so extended, whether or not such extension be by or with the assent of the party of the first part, such coupon shall not be entitled, in case of default hereunder to the benefit or security of this indenture, except subject to the prior payment in full of the principal of all bonds issued hereunder then outstanding, and of all matured coupons on such bonds, the payment of which has not been so extended.

Bond Agencies to be Maintained in Los Angeles and New York.

The party of the first part further agrees and covenants that until the payment of the principal and interest of the bonds secured by this indenture, it will keep an office or agency in the city of New York, state of New York, and in the city of Los Angeles, state of California, where said bonds and said coupons may be presented for payment as they respectively mature, and where notices and demands

in respect to said bonds and coupons may be served, and the said office or agency in the city of New York shall be at the banking house of Kountze Brothers, and in the said city of Los Angeles it shall be at the office of the Los Angeles Trust Company. And it is further agreed and covenanted that such presentation for payment and notices or demands may also be made at the office of the party of the first part in the said city of Bakersfield, California.

Statements.

The party of the first part agrees and covenants at all times hereafter, upon the written request of the holder or holders of twenty-five per cent of the bonds secured by this indenture then outstanding, to furnish and deliver to such holder or holders, as often as may be required by such holder or holders of said bonds, a statement in writing certified by ~~the signature of its president or vice-president~~ and of its secretary, specifying its earnings and operating expenses, month by month, for at least one year immediately prior to the time of the making of any such request.

Property to be Kept in Repair.

The party of the first part further agrees and covenants at all times to maintain, preserve and keep the property and premises hereby mortgaged or conveyed, and every part thereof, 172 now owned by said party of the first part, or hereafter acquired by it, and every part and parcel thereof, in good repair and condition, and that it will from time to time make all needful and proper repairs, so that the efficiency of the said property and premises, an every part thereof, shall at no time be or become impaired.

Property to be Insured—Use of Funds Received from Insurance.

The party of the first part further agrees and covenants that it will, until said bonds and coupons are fully paid and discharged insure in some solvent fire insurance company or companies, authorized to transact business in the state of California, or cause to be so insured and kept insured against loss or damage by fire all such insurable property on which these presents are or shall become a lien, as aforesaid, as the board of directors of the first party shall deem proper, and for such an amount as said board of directors shall deem expedient; and in case any money shall be paid to the said party of the first part on account of any loss or damage covered by any such insurance, the party of the first part shall be entitled to use and apply the same for the purposes of re-constructing, repairing, or restoring any part of said property destroyed or damaged, or to the improvement of any portion of said property and premises, and if not so applied, then said insurance money shall be applied for all or any purposes prescribed in this indenture in respect to the application of the proceeds of sales of property released from the lien of this indenture.

First Lien.

The party of the first part agrees and covenants that this indenture is and will always be kept a first lien upon all the property, franchises and premises described in the granting clause hereof, now owned by the party of the first part, and upon all property hereafter acquired by it, excepting as to any mortgage or other lien on any property hereafter acquired by it which may exist at the date of acquisition of such property by party of the first part, and upon all renewals and replacements of such property, and all additions, betterments and improvements thereto, and that said party of 173 the first part will not create, or suffer to be created, or to accrue, or to exist, excepting as above provided, any lien or charge having priority to, or preference over, the lien of this indenture upon the said property, franchises and premises, or any part thereof, or upon the income thereof.

All Franchises and Rights to be Maintained and Preserved—Warranty.

The party of the first part further agrees and covenants that it will well and truly keep, observe and perform any and all obligations and regulation- now or hereafter imposed upon it by contract, or prescribed by any law of the United States or of the state of California, or of any ordinance of any municipality or governmental body therein having jurisdiction or control thereof or in respect thereto as a lawful condition of the continued enjoyment of the rights or franchises now owned by the party of the first part or hereafter acquired by it, to the end that such contracts, rights and franchises may be maintained and preserved and may not become forfeited or in any manner impaired.

Title in Fee—Instruments of Further Assurance to be Executed.

The party of the first part further agrees and covenants that, except as to that portion of said property which may hereafter be acquired by it, it is seized in fee of all and singular the above described property, franchises and premises by it hereby conveyed, and every part and parcel thereof, with the appurtenances thereunto belonging; that it has good right, full power and lawful authority to grant and convey said property, franchises and premises in manner aforesaid; that it will forever warrant the title to said property, franchises and premises, and that it will also do, execute, acknowledge and deliver, or cause or procure to be done, executed, acknowledged and delivered, all and every such further acts, deeds, transfers and assurances for the better assuring, covenanting and confirming unto the party of the second part of all and singular the property, franchises and premises hereby conveyed or intended so to be, and any and all property, franchises and premises hereafter acquired as the trustee or a

174 majority in amount of the holders of bonds issued and outstanding hereunder shall require for more fully carrying out the provisions and purposes of this indenture, and for better securing the payment of the principal and interest of the bonds intended to be secured hereby.

Sale of Portion of Property Prior to Default—Release of Property Sold.

This Indenture Further Witnesseth: That party of the first part may from time to time, at any time before default is made in payment of the principal or interest of the bonds aforesaid or any or either thereof, as herein specified, provided default has not been made in keeping and performing the other covenants and conditions hereof, sell free and clear of this deed of trust or mortgage or any lien created hereby, any portion of the property owned by party of the first part not actually needed for the conduct of its business, if and whenever the board of directors of said party of the first part, by a majority vote, shall consider the sale thereof to be expedient and shall direct the same to be sold; but this provision shall not be construed as authorizing the sale of any portion of its pipe lines, pumping stations or permanent storage tanks. All such sales shall be made at either public auction or by private contract and for such price and upon such terms as shall be approved by party of the first part; and upon such sale or sales, the party of the second part or its successors in said trust, shall execute and deliver proper release or releases of the property sold from the effect, incumbrances and lien of this deed of trust or mortgage; provided, however, and it is a condition hereof, that no liability shall thereby, in any such case, be created or be construed to be created against party of the second part on account of any such sale or sales or release or releases; and the proceeds derived from such sales shall be paid to the party of the first part without any liability or obligation on the part of the purchaser or purchasers or of the party of the second part, and its successors in said trust, to see to or be responsible in any way for the application or non-application of the purchase money or proceeds received or to be received by party of the first part from or on account of any such sales;

175

Use of Funds Received from Such Sale.

And it is hereby covenanted and agreed that the net proceeds of any and all said sale and sales shall be used by order of the board of directors of the party of the first part for the following purposes, and for such purposes only, or any of them; to-wit:

For Sinking Fund.

First. For the purpose of and on account of the sinking fund as herein provided; or

For Redemption Fund.

Second. For the purchase or redemption of the bonds issued under and secured hereby; or

For Purchase or Improvement of Property.

Third. For the purchase or acquisition or improvement of properties, franchises, rights or interests used or to be used as part or in connection with the pipe lines, tanks and other properties described in and covered by this deed of trust or mortgage; or for the further construction, completion or equipment of said properties; but any properties which may be used, or acquired for use, as aforesaid, shall thereupon become subject to the lien hereof, and upon the written request of the said party of the second part, as said trustee, the same shall be conveyed to it by the party of the first part upon the trusts herein set forth;

Change of Location of Property.

Party of the first part may at any time make such change in the location of its pipe lines, tanks, pumping plants and other property and equipments as its board of directors, by a majority vote thereof, may deem expedient and shall direct and order to be made; and the party of the second part and its successors in said trust shall make and execute all proper releases and conveyances which may be necessary to carry into effect any and all such changes made in the locations of said pipe lines, tanks, pumping plants or other property or equipment of party of the first part.

Dividends from Surplus Profits Only.

Party of the first part covenants that it will not declare or pay any dividends on any of its capital stock, during any year of the term hereof, excepting out of surplus earnings remaining on hand after deducting all operating expenses and fixed charges for such year, including all amounts required for interest on said bonds,
176 and amounts required to be accumulated for said annual sinking fund as hereinbefore provided.

Default—Trustee to take Possession and Conduct Business—Application of Funds Received by Trustee from Operation of Property.

In case: (1), default shall be made in the payment of any interest on any bond hereby secured, and any such default shall continue for a period of ninety days; or, (2), default shall be made in the payment of the principal of any such bond; or, (3), default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the

party of the first part, and any such default shall continue for a period of ninety days after written notice thereof to the party of the first part from the trustee, or from the holders of twenty-five per cent or more in amount of the bonds hereby secured and at the time outstanding, then and in each and every such case the trustee, either personally or by its agents or attorneys, may, and upon the written request of the holders of twenty-five per cent, in amount of the bonds hereby secured then outstanding, shall (unless proceedings for the foreclosure of this as a mortgage and the appointment of a receiver as hereinafter provided are instituted), forthwith enter into and upon all or any part of the works, franchises, rights of way, plants, pumping stations, buildings, machinery, fixtures, equipments, pipe lines, tanks, tools, appliances, appurtenances and all property and premises hereby conveyed or intended so to be, and each and every part thereof, and may exclude the party of the first part and its agents and servants, and all other persons or corporations wholly therefrom, and having and holding the same may use, operate, manage, and control said franchises, rights of way, plants, pumping stations, buildings, machinery, fixtures, equipments, pipe lines, tanks, tools, appliances and appurtenances, and all other property and premises, and conduct the business of the party of the first part either personally or by superintendents, managers, receivers, agents, servants or attorneys, to the best advantage of the holders of the bonds hereby secured, to the fullest extent authorized by law. Upon every

such entry the trustee may, from time to time, at the expense

177 of the trust estate, either by purchase, repair or construction, maintain and restore and insure or keep insured the works, plants, pumping stations, buildings, machinery, fixtures, equipments, pipe lines, tanks, tools, appliances and appurtenances and all other property and premises erected or provided for use in connection with said premises, and of which it shall become possessed as aforesaid, and likewise may, from time to time, at the expense of the trust estate, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious. The trustee, in case of such entry, shall have the right to manage the mortgaged property, franchises and premises, and to carry on the business and to exercise all the rights and powers of the party of the first part either in the name of the party of the first part or otherwise, as the trustee shall deem best, and it shall be entitled to collect and receive all tolls, earnings, income, rents, issues and profits of the mortgaged property, franchises and premises and every part thereof. After deducting the expenses of operating said plants and premises, and of conducting the business thereof and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the said property, franchises or premises, or any part thereof, as well as just and reasonable compensation for its own services and for the services of all counsel, agents and employees by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

To Payment Interest.

First. In case the principal of the bonds hereby secured shall not have become due by virtue of the maturity of said bonds, to the payment of the interest in default in the order of the maturity of the installments of such interests with interest thereon at the rate of 5% per annum, such payments to be made ratably to the persons entitled thereto without discrimination or preference.

178

To Payment of Principal of Bonds.

Secondly. In case the principal of the bonds hereby secured shall have become due by declaration as hereinafter provided or otherwise, first, to the payment of the accrued interest (with interest on the overdue installments thereof at the rate of five per cent per annum) in the order of the maturity of the installments, and next, if any surplus remains towards the payments of the principal of all bonds hereby secured, such payments in every instance to be made ratably to the persons entitled thereto without any discrimination or preference.

Surplus to First Party.

Upon the payment in full of whatever may be due for principal and interest, or payable for other purposes, the property, franchises and premises shall be returned to the party of the first part, its successors or assigns, or to whomsoever may be lawfully entitled thereto.

Default in Interest—Declare Bonds Due—Waiver of Default on Payment.

In case default shall be made in the payment of any interest on any bond hereby secured, and any such default shall continue for a period of ninety days, the trustee, upon the written request of the holders of twenty-five per cent in amount of the bonds hereby secured then outstanding, shall, by notice in writing delivered to the party of the first part, declare the principal of all bonds secured hereby then outstanding to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this indenture or in said bonds contained to the contrary notwithstanding. This provision is, however, subject to the condition that if at any time after the principal of said bonds shall have been so declared due and payable, all arrears of interest upon such bonds (with interest on overdue installments of interest at the rate of 5% per annum) and the expenses of the trustee shall be paid by the party of the first part or be collected out of the property, franchises and premises conveyed or mortgaged hereby, before any sale of said property, franchises and premises shall have been made, then and in every such case the holders of a majority

179 in amount of the bonds hereby secured then outstanding, by written notice to the party of the first part and to the trustee, may waive such default and its consequences and obtain from the trustee a rescission of such declaration of the maturity of the principal, but no such waiver shall extend to or affect any subsequent default or impair any right subsequent thereon.

Proceedings on Default—Deposit in Satisfaction of Obligations.

In case default shall be made in the payment when due of the principal of any bonds hereby secured, or in case default shall be made in the payment of any interest on any such bonds, or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the party of the first part, and said default in payment of said interest or such other last mentioned default shall continue for a period of ninety days after written notice thereof to the president, secretary, or, in their absence to any other director of the party of the first part, from the trustee, or from the holders of twenty-five per cent or more in amount of the outstanding bonds hereby secured, then and in each and every such case, the trustee, upon the written request of the holders of fifty per cent in amount of the bonds hereby secured then outstanding, shall forthwith proceed to protect and enforce its rights and the rights of bond holders under this indenture, by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this indenture for any default, or for the enforcement of any other appropriate legal or equitable remedy as the trustee shall deem most effectual in support of any of its rights or duties hereunder. Provided, however, that deposit with said trustee by the party of the first part, in said gold coin, of the amount of the principal, or of any installment of interest, of said bonds, or any thereof, or of any other sum to be paid by party of the first part hereunder, on or before the date such amounts or installments or payments become due, shall, to the extent of such deposits, be deemed to be and

180 shall be payment and discharge by party of the first part, of said principal, interest, or other payment for which such deposits are made.

Rights of Trustee on Commencement of Judicial Proceedings— Remedies Cumulative.

Upon filing a bill in equity or upon any other commencement of judicial proceedings by the trustee to enforce any right under this indenture, the trustee shall be entitled to exercise the right of entry herein conferred, and also any and all rights and powers herein conferred and provided to be exercised by the trustee upon the occurrence and continuance of the default as hereinbefore provided, and in the matter of right the trustee shall be entitled to the appointment of a receiver of the property and premises hereby conveyed,

mortgaged or pledged, and of the tolls, earnings, revenue, rents, issues, profits and other income thereof, with such powers as the court making such appointment may confer. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the trustee or to the holders of bonds hereby secured is intended to be exclusive of any other remedy, but every remedy herein provided shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute; and every power and remedy given by this indenture to the trustee or the bond holders may be exercised from time to time, and as often as may be deemed expedient. No delay or omission of the trustee or of any holder of bonds hereby secured to exercise any right of power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein. In case the trustee shall have proceeded to enforce any right under this indenture by entry, foreclosure or otherwise, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reasons, or shall have been determined adversely to the trustee, then and in every such case the party of the first part and the trustee shall severally and respectively be restored to their former position and rights hereunder, in respect to the conveyed or mortgaged property, franchises, and premises, and all rights.

181 remedies and powers of the trustee shall continue as though no such proceeding had been taken.

Sale—Property to be Sold as Entirety—Notice of Sale—Adjournment of Sale.

In the event of any sale by virtue of judicial proceedings, or of any judgment or decree of foreclosure and sale, the whole of the property and premises hereby mortgaged or conveyed shall be sold in one parcel, and as an entirety, including all the rights, titles, estates, franchises, plants, equipment, contracts, shares of stock and bonds, of other corporations and other real and personal property of every name and nature, unless such sale as an entirety, being impracticable by reason of some statute or other cause, be otherwise directed by any court of competent jurisdiction, or unless the holders of a majority in amount of the bonds hereby secured then outstanding shall in writing request the trustee to cause said property, franchises and premises to be sold in parcels, in which case the sale shall be made in such parcels as may be specified in such request or order or decree of court, and this provision shall bind the parties hereto and each and every of the holders of the bonds and coupons hereby secured or intended so to be. Notice of any such sale shall state the time when and the place where the same is to be made and shall contain a brief general description of the property to be sold, and shall be published once in each week for four successive weeks prior to such sale in a newspaper published in the city of Los Angeles, state of California, and in a newspaper published in the city of New York, state of New York, and such notice shall

also comply with any requirements of statute or rule or order of court. The trustee may adjourn any such sale or cause the same to be adjourned from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and without further notice or publication such sale may be made at the time and place to which the same shall be so adjourned. In case of such sale of the property, franchises, and premises, covered hereby, the principal sum of the bonds hereby secured, if not previously due shall, at the option of the trustee, or of the holders of a
182 majority of the bonds hereby secured then outstanding, become immediately due and payable, anything in such bonds or in this indenture contained to the contrary notwithstanding.

Deed to Purchaser.

Upon the completion of any sale or sales made hereunder, the trustee shall execute and deliver, in conjunction with the deed or deeds of the court officer conducting such sale, a proper release of such property, franchise and premises, to the accepted purchaser or purchasers.

Application of Funds Received on Sale of Property.

In case of any sale of the property, franchises, and premises on which this deed of trust or mortgage is or may be a lien, pursuant to judicial proceedings, the purchase money, proceeds or avails, together with any other sums which may then be held by the trustee or be payable to it under any of the provisions of this indenture, as part of the trust estate, shall be applied as follows:

To Payment of Costs and Expenses.

First. To the payment of the costs, expenses, fees, and other charges of such sale, and a reasonable compensation to the trustee, its agents and attorneys, and to the payment of all expenses and liabilities incurred and advances or disbursements made by the trustee, and to the payments of all taxes, water rates, assessments or liens prior to the lien of these presents, except any taxes, water rates, assessments or other superior liens subject to which such sale shall have been made.

To Payment of Bonds and Coupons.

Secondly. Any surplus then remaining, to the payment of the whole amount owing or unpaid upon the principal and interest of the bonds secured, with interest on the overdue installments of interest at the rate of five per cent per annum and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then to the payment of such principal and interest, ratably, according to the aggregate of such principal and the accrued and unpaid interest, without preference or priority

- 183 of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

Balance to First Party.

Thirdly. Any surplus then remaining to the party of the first part, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Purchaser May Apply Bonds on Purchase Price.

In case of sale of said property, franchises and premises, or any part thereof, hereunder, pursuant to judicial decree, the purchaser, for the purpose of making settlement or payment for the property, franchises and premises purchased, shall be entitled to turn in or apply towards the payment of the purchase price and to be credited with, any bonds issued hereunder, and any matured and unpaid coupons and interest to the extent of the value of, or amount which would be payable upon, such bonds, coupons and interest upon the distribution among the bond holders of the net proceeds of such sale, after making the deductions allowable under the terms hereof for the costs and expenses of the sale and otherwise. But such bonds, coupons and interest so applied in payment by the purchaser shall be deemed to be paid only to the extent so applied.

Trustee or Bondholder May Become Purchaser—Purchaser Not Responsible for Application of Funds.

At any such sale, the trustee or any bond holders, or their agents may bid for and purchase such property, franchises and premises and may make payment thereof as aforesaid, and, upon compliance with the terms of sale, may hold, retain and dispose of such property, franchises and premises without further accountability. The receipt of the trustee or of the court officer conducting such sale shall be a sufficient discharge for the purchase money to any purchaser of the property, franchises and premises, or any part thereof, sold as aforesaid; and no such purchaser, or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this indenture, or be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money, or any part thereof.

184 Rights, Duties, Compensation and Immunities of Trustee.

It is further expressly understood and agreed that it shall be no part of the duty of the party of the second part to see to the recording of this indenture as a deed of trust, mortgage or conveyance of real or personal estate, or to do any other act which may be suitable

or proper to be done for the continuing of the lien of this indenture, or for giving notice of the acceptance of such lien; nor shall it be any part of the duty of the trustee to effect insurance against fire or other damage to any portion of the property covered by this instrument, or to renew any policy of fire or other insurance, or to keep itself informed or advised as to the payment of rents, taxes or assessments of or upon the said premises and property, or to require the payment of such rents, taxes or assessments, but the mortgagor or trustor shall and will perform all acts above mentioned necessary to fully protect the bonds secured hereunder, except to pay the taxes levied or assessed upon this deed of trust or mortgage, or upon the money secured hereby provided this deed of trust or mortgage be legally subject to assessment.

The trustee may, however, in its discretion, at the expense of the trustor or mortgagor, do any or all of the matters or things herein set forth which are incumbent upon the said trustor or mortgagor to do, or may procure the same to be done.

The trustee may select and employ in and about said trusts and duties suitable agents and attorneys, whose reasonable compensation shall be paid by the mortgagor or trustor, or in default of such payment, such compensation shall be a charge upon the said property which is or may become subject to the lien hereof and its proceeds, paramount to said bonds; and the trustee shall not be liable for any neglect, omission or wrongdoing of any such agents or attorneys, reasonable care being exercised in their selection, nor shall it be otherwise liable save for its own negligence or default.

It is further understood and agreed that all recitals herein contained are made on behalf of the party of the first part, and the party of the second part assumes no responsibility as to the correctness of any statement herein contained; said party of the second part and its successors shall have no responsibility as to the validity of this deed of trust or mortgage, nor as to the execution and acknowledgment hereof, nor as to the amount or extent of the security afforded by the property conveyed by this deed of trust or mortgage, and said trustee shall not be in any way liable for the consequences of any breach on the part of the said first party of the covenants herein contained or for any other act or thing hereunder, except for its, his or their own several negligence.

It is further distinctly understood and agreed that the party of the second part, as trustee or otherwise, shall be under no obligation to recognize any persons, firms or corporations, as holder or
185 holders, owner or owners, of one or more of the bonds secured hereby, or to do, or refrain from doing, any act pursuant to the request or demand of any person or persons, firm or corporation, professing or claiming to be such holder or owner, unless such supposed holder or holders shall produce the said bond and deposit the same with the said trustee, and shall indemnify and save harmless the said trustee, to its full satisfaction, from any and all costs and expenses, outlays and counsel fees or other reasonable disbursements for which it may become liable or responsible in proceeding to carry out such request or demand.

The trustee shall be under no obligation or duty to perform any act hereunder, unless first indemnified to its satisfaction, and should any suit or other proceedings be brought against the party of the second part, as trustee, by reason of any matter or thing connected with the trust hereby created, or by reason of its being such trustee, it shall be under no obligation to enter an appearance by counsel or in any way appear in or defend such suit or other proceeding unless indemnified to its full satisfaction for so doing, but it may nevertheless appear and defend such suit or proceeding without indemnity if it elects so to do, and in any such case it shall be compensated therefor from the trust funds then in its hands, or if there be no trust funds then in its hands, such trustee shall be paid and compensated by the party of the first part.

Said party of the second part shall be entitled to be reimbursed for all proper outlay of every sort and nature by it made and incurred in the acceptance and discharge of its trusts hereunder and to receive a reasonable and proper compensation for any duties that it may at any time perform in the discharge of the same, and for any damage sustained or incurred by the trustee by reason of or on account of any damage of its officers, attorneys, agents or servants, selected and retained with reasonable care, in the performance of its trusts hereunder, and all such outlays, fees and commissions, compensation and disbursement shall constitute and continue a lien on said property and premises prior to any other lien hereunder.

The certificate of party of the first part, under its corporate seal, and executed by its President or Vice-President and attested by its Secretary, shall at any and all times be sufficient evidence, for all the purposes hereof, of the existence or non-existence of any fact or as to the necessity or expediency of any particular action, dealing or transaction affecting, arising under or in any way connected with this deed of trust or mortgage or with the trusts hereby created, and said trustee and its successors in the trusts hereby created shall be entitled to and may at all times accept and rely upon such certificates, without any other or further evidence of the facts or matters therein set forth.

It is further understood and agreed that before proceeding to foreclose this deed of trust or mortgage as hereinbefore provided, 186 the said party of the second part, as trustee, shall have the right, first, to exact from the bondholders reasonable indemnity against any loss or liability that may be incurred by it in so doing, and upon the tender by the bondholders, or any of them, of such reasonable indemnity, whether previously requested of them or not, and upon the written request of a majority in interest of all the holders of all of said bonds then outstanding and unpaid, it shall be the duty of the said trustee, in case of any default continuing on the part of the party of the first part for the length of time hereinbefore stated and not waived as hereinbefore provided, to foreclose the lien hereby created in such lawful manner as the trustee may deem best.

The exclusive right of action hereunder shall be vested in the trustee so to act, and no bondholder shall have a right to enforce

these presents or to bring any action for that purpose until after demand made upon the trustee, accompanied by a tender of indemnity satisfactory to it, and refusal of the trustee to act in accordance with such demand.

It is further understood and agreed that the said party of the second part is and shall be entitled to compensation for all services rendered by said party of the second part in the execution of the trust created by this indenture.

Bondholders' Instruments May Consist of Numbers of Concurrent Instruments—Proof of Execution of Instruments of Ownership of Bonds, &c.

Any request or other instrument required by this indenture to be signed and executed by bondholders may be in any number of concurrent instruments of similar tenor, and may be executed by such bondholders in person, or by agent, or attorney appointed by such instrument in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of bonds, shall be conclusive in favor of the trustee with regard to any action taken by it under such request or other instrument, if made in the following manner, to-wit: (1) The fact and date of the execution by any person of any such request or of any other instrument or writing may be proved by the certificate of any notary public or other officer authorized to take either within or without the state of California, acknowledgments of deeds to be recorded in said state, certifying that the person signing such request or other instrument acknowledged to him the execution thereof, or by the affidavit of a witness to such execution. (2) The amount of unregistered bonds held by 187 any person executing any such request or other instrument as a bondholder, and the amounts and issue numbers of the bonds held by such person and the date of his holding the same, may be proved by a certificate issued by any trust company, bank or other depository whose certificate shall be deemed by the trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository or exhibited to it the bonds described in such certificate. (3) The ownership of registered bonds shall be proved by the books for the registry of such bonds provided for herein.

Recording.

The said party of the first part further hereby agrees and covenants that it will, with all convenient speed, cause this indenture to be duly and properly filed for record and recorded in the offices of the county recorders of the counties of Kern, San Luis Obispo, Kings and Fresno, state of California.

Acceptance of Trust—Terms Defined.

The said party of the second part hereby accepts the trusts in this indenture declared and provided, and agrees to perform the same upon the terms and conditions hereinbefore set forth. Except when otherwise indicated, the words "the trustee" or "said trustee," or any other equivalent term, as used in this indenture, shall be held and construed to mean the trustee for the time being; and the word "bond," "bondholder," and "holder" shall include the plural as well as the singular number; and the words "first party" or any other equivalent term, as used in this indenture, shall be held and construed to mean the Producers Transportation Company, the party of the first part hereto.

Attestation Clause.

In Witness Whereof, the said party of the first part has caused its name to be hereunto subscribed by its president, and the said party of the second part has caused its name to be hereunto subscribed by its president, and said parties of the first and second part have caused their respective corporate seals to be hereunto affixed by their
188 respective secretaries, and have caused these presents to be attested by their respective secretaries on this 14th day of September, A. D. Nineteen Hundred and Nine.

[Seal of Producers Transportation Company.]

PRODUCERS TRANSPORTATION COMPANY,
By L. P. ST. CLAIR, *President*.

Attest:

GILES KELLOGG, *Secretary*.

[Seal of Los Angeles Trust Company.]

LOS ANGELES TRUST COMPANY,
By J. C. DRAKE, *President*.

Attest:

R. WANKOWSKI, *Secretary*.

STATE OF CALIFORNIA,
County of Kern, ss:

On this 14th day of September, A. D. 1909, before me, Thomas Scott, a Notary Public in and for the County of Kern, State of California, duly commissioned and sworn, personally appeared L. P. St. Clair, known to me to be the President of Producers Transportation Company, said corporation having its principal place of business in the City of Bakersfield, Kern County, California, one of the corporations that executed the within instrument, and acknowledged to me that such corporation executed the same.

In witness whereof I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

[NOTARIAL SEAL.]

THOMAS SCOTT,
*Notary Public in and for the County
of Kern, State of California.*

My commission expires on the 14th day of October, 1909.

189 STATE OF CALIFORNIA,
County of Kern, ss:

L. P. St. Clair, being first duly sworn, deposes and says that he is an officer, viz.; that he is the President of Producers Transportation Company, one of the corporations named in and which executed the foregoing mortgage, or deed of trust; that the same was and is made in good faith, and without any design to hinder, delay or defraud creditors.

L. P. ST. CLAIR. [SEAL.]

Subscribed and sworn to before me this 14th day of September, 1909.

[NOTARIAL SEAL.]

THOMAS SCOTT,
*Notary Public in and for the County
of Kern, State of California.*

My commission expires on the 14th day of October, 1909.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

On this 15th day of September, A. D. 1909, before me, E. S. Dessau, a notary public in and for the County of Los Angeles, State of California, duly commissioned and sworn, personally appeared Giles Kellogg, known to me to be the Secretary of Producers Transportation Company, said corporation having its principal place of business in the city of Bakersfield, Kern County, California, one of the corporations that executed the within instrument, and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

[NOTARIAL SEAL.]

E. S. DESSAU,
*Notary Public in and for the County
of Los Angeles, State of California.*

My commission expires on the 15th day of July, 1912.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Giles Kellogg, being first duly sworn, deposes and says that he is an officer, viz.; that he is the Secretary of Producers Transportation Company, one of the corporations named in and which executed the

foregoing mortgage, or deed of trust; that the same was and is made in good faith, and without any design to hinder, delay or defraud creditors.

GILES KELLOGG. [SEAL.]

Subscribed and sworn to before me this 15th day of September, 1909.

[NOTARIAL SEAL.]

E. S. DESSAU,
*Notary Public in and for the County
of Los Angeles, State of California.*

My commission expires on the 15th day of July, 1912.

190 STATE OF CALIFORNIA,
County of Los Angeles, ss:

On this twenty-second day of September, in the year nineteen hundred and nine, before me, Emily E. Yarroll, a notary public in and for the said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared J. C. Drake, known to me to be the President, and R. Wankowski, known to me to be the Secretary of Los Angeles Trust Company, one of the corporations that executed the within and annexed instrument, known to me to be the persons who executed the within and annexed instrument on behalf of the corporation and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

[NOTARIAL SEAL.]

EMILY E. YARROLL,
Notary Public in and for said County.

My commission expires June 13, 1911.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

J. C. Drake and R. Wankowski, being first duly sworn, each for himself deposes and says that he is an officer, viz.; said J. C. Drake is President and said R. Wankowski is the Secretary of the Los Angeles Trust Company, one of the corporations named in and which executed the foregoing mortgage or deed of trust; that the same is made in good faith and without any design to hinder, delay or defraud creditors.

J. C. DRAKE. [SEAL.]
R. WANKOWSKI. [SEAL.]

Subscribed and sworn to before me this 22nd day of September, 1909.

[NOTARIAL SEAL.]

EMILY E. YARROLL,
Notary Public in and for the County of
Los Angeles, State of California.

My commission expires on the 13th day of June, 1911.

Know all Men by these Presents, that I, W. L. Stewart, hereby certify and declare that I am the owner and holder of 69,994 shares of the capital stock of the Producers Transportation Company, a corporation, (being more than two-thirds of the issued and outstanding shares of the capital stock of said company) and that as such stockholder I do hereby consent to, ratify, confirm and approve the above and foregoing deed of trust or mortgage from Producers Transportation Company to Los Angeles Trust Company, and I further consent to, ratify and approve the conveyance in trust 191 by said Producers Transportation Company of all and singular the property described in, mentioned and referred to in the foregoing deed of trust, or mortgage from said Producers Transportation Company to said Los Angeles Trust Company as trustee, to which said deed of trust or mortgage this consent and ratification is annexed and attached, and I also hereby consent to, ratify, approve and confirm all of the acts and resolutions of the board of directors of the said Producers Transportation Company in authorizing the making and execution of said deeds of trust or mortgage.

In Witness Whereof I have hereunto set my hand and seal this 15th day of September, 1909.

W. L. STEWART.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

On this 15th day of September, A. D., 1909, before me, E. S. Dessau, a Notary Public in and for the said County and State, residing therein, duly commissioned and sworn, personally appeared W. L. Stewart, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[NOTARIAL SEAL.]

E. S. DESSAU,
Notary Public in and for said County
and State of California.

My commission expires July 15, 1912.

I, Giles Kellogg, do hereby certify that I am the secretary of the Producers Transportation Company, a corporation organized under the laws of the State of California, and which is the grantor or mortgagor in the foregoing deed of trust or mortgage executed by the said Producers Transportation Company to the Los Angeles Trust Company, dated as of July 1st, 1909.

I hereby further certify that the total capital stock of said Producers Transportation company is 70,000 shares, all of which has been issued and is now outstanding, and that of said aggregate number of shares W. L. Stewart, as shown by the books of said corporation, is the owner and holder of 69,994 shares of the capital stock of said corporation.

[Seal of Producers Transportation Company.]

GILES KELLOGG,
Secretary of Producers Transportation Company.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

On this 15th day of September, A. D., 1909, before me, E. S. Dessau, a Notary Public in and for the said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Giles Kellogg, known to me to be the Secretary of Producers Transportation Company, and known to me to be the person whose name is subscribed to the foregoing instrument as secretary of said corporation, and he acknowledged to me that he executed the same.

[NOTARIAL SEAL.]

E. S. DESSAU,
Notary Public in and for said County and State.

My commission expires July 15, 1912.

Recordation.

The foregoing Deed of Trust or Mortgage has been duly recorded as a deed of Trust, as a Mortgage of real Property, and also as a Mortgage of Personal Property, in the proper books of record in the offices of the County Recorders of Kern, Fresno, Kings and San Luis Obispo Counties, California.

193

EXHIBIT H.

Producers Transportation Co.

Union Oil Company of California.

Principal Place of Business, Oleum, (P. O. Rodeo), Contra Costa Co., Calif.

Incorporated Oct. 17th, 1980. Capital Stock, \$50,000,000.00.

Office of Executive Committee.

Security Building.

Los Angeles, Cal., July 1, 1909.

To the Stockholders of Union Oil Company of California, United Petroleum Company, Union Provident Company:

The Producers Transportation Company is a California corporation, with a Capital Stock of \$7,000,000, and it has authorized a total issue of \$3,500,000 of Twelve Year Five Per Cent. Gold Bonds of the denomination of \$1,000 each. It is incorporated for the purpose of transporting oil from the various oil fields in the San Joaquin Valley to tide water at Port Harford and has entered into favorable contracts for the transportation and storage of a large quantity of oil covering a period of ten years.

The Board of Directors of the Union Oil Company of California, the owner of all of the Capital Stock of the said Producers Transportation Company, hereby offers for sale to the stockholders above named \$1,500,000 par value of the said bonds, guaranteed as to the payment of the principal thereof and interest thereon by Union Oil Company of California, and an equal amount of the Capital Stock of the said Transportation Company, represented by Certificates of Stock of the face or par value of \$100 each, the proceeds therefrom to be used in the construction of pipe lines, pumping stations and storage tanks for the said Transportation Company.

This offering is made on the following terms and conditions, viz:

(1) For each \$1000 bond and ten shares of the Capital Stock, the price is \$1000.

(2) The terms of payment are as follows: \$150 for each bond and ten shares of stock on the 20th day of each current month, commencing July 20, 1909, and a final payment of \$100 on the 20th day of January, 1910.

194-95 (3) The bonds will be finally delivered with the July, 1910, interest coupons attached, and a rebate for each bond purchased covering interest at the rate of 5% per annum, upon the partial payments made prior to January 1, 1910, will be returned

to the subscriber upon payment of the final installment upon his subscription.

(4) Upon the completion of the payments as above provided, all the bonds subscribed will be delivered in trust for the respective subscribers to the Los Angeles Trust Company for the term of two years from January 1, 1910, and receipts will issue to the owners thereof, signed by the said Trust Company, designating the number and the amount of bonds so held by said Trustee as aforesaid.

(5) The Certificates of Stock will be delivered to subscribers upon receipt of the final payment therefor.

In connection with this offering announcement is hereby made that the sale of the entire amount of bonds and stock hereby offered has been underwritten by a syndicate in which some of the directors of your Company are interested. Your Board of Directors recommends to all stockholders that they subscribe for these securities to the extent of their ability to pay for the same, as above provided. The bonds are a safe investment and it is expected that the shares of stock will earn and pay dividends.

Subscriptions will be received upon the enclosed blank up to and including Monday, July 19, 1909, and not later. The Board of Directors of the Union Oil Company of California, reserves the right to make such awards or allotments to the subscribers as may in its judgment or discretion seem just and equitable and in the interests of all the stockholders of the Company.

GILES KELLOGG, *Secretary*.

(Here follows diagram marked p. 196)

CHART

TOO

LARGE

FOR

FILMING

197

Ex. "J."

Ordinance No. 158.

Granting to Producers Transportation Company a franchise to construct, operate and maintain pipe lines to carry petroleum oil and its bi-products, natural gas and water and to erect and maintain telephone and telegraph lines to be used in connection therewith over and across certain streets and highways in the City of San Luis Obispo.

The Board of Trustees of the City of San Luis Obispo do ordain as follows:

Whereas, application was made on the 19th day of July, 1909, by Producers Transportation Company, a corporation, to the Board of Trustees of the City of San Luis Obispo, State of California, for a franchise or privilege to construct, lay and maintain, repair, replace and operate, use and enjoy pipe lines to carry, transport and convey petroleum oil and any and all of its bi-products, natural gas and water between the points hereinafter named and intermediate points and at any and all times to do and perform all things necessary, convenient or expedient in connection with the construction, erection, maintenance, repairing, replacing and operating such pipe lines over, along, under and across the public streets, roads and highways of the City of San Luis Obispo between the points hereinafter designated and all intermediate points; also, the franchise and right to construct, erect, maintain, repair, replace and operate, use and enjoy over said streets and highways, telephone and telegraph lines to be used in connection with the operation, maintenance, use and enjoyment of said pipe lines between the points hereinafter designated and intermediate points; And, the said application having been on said 19th day of July, 1909, filed with the Clerk of said Board,—and, whereas, said Board deemed the granting of said application to be for the public interest, and proposed to grant the same, and by order duly passed and adopted on said 19th day of July, 1909, ordered the fact that the application for said franchise or privilege had been made to said Board, together with the statement that it proposed to grant the same, to be published and advertised in the "Morning Tribune," a daily newspaper of general circulation, printed, published and circulated in said City of San Luis Obispo, County of San Luis Obispo, State of California, once a day for ten successive days or as often during said period as said newspaper was published, and that said publication be commenced not less than thirty days nor more than forty days before the 23rd day of August, 1909, and that said advertisement should state the character of said franchise and the term for which it is granted and that sealed bids would be received by the Board of Trustees at the Office of the City Clerk of said City, in the City Hall in the City of San Luis Obispo, State of California, on and up to the 23rd day of August, 1909, at the hour of seven-thirty o'clock

P. M. of said day, and at said time and place tenders would be read and the franchise applied for, sold and awarded to the highest bidder; and

Whereas, it appearing to this Board that said advertisement was published in all respects as required by law and said order
199 of this Board, and

Whereas, said Producers Transportation Company, did, in accordance with said order and said advertisement, bid the sum of two hundred and fifty dollars for said franchise, and this Board received said tender, and, on the 23rd day of August, 1909, at the hour of seven-thirty o'clock P. M. met in open session and read said bid; and, whereas, no other tender for said franchise or privilege has been made to or received by this Board, and said Producers Transportation Company is the highest and best bidder therefor;

Therefore, there is hereby granted to Producers Transportation Company, a corporation, and to its assigns, a franchise for the term of fifty years from and after the passage of this Ordinance, to construct, lay, maintain, repair, replace and operate, use and enjoy pipe lines to carry, transport and convey petroleum oil and any and all of its bi-products, natural gas and water between the points hereinafter named and intermediate points, and at any and all times to do and perform all things necessary, convenient or expedient in connection with the construction, erection, maintenance, repairing, replacing and operating such pipe lines over, along, under and across the public streets, roads and highways of said City of San Luis Obispo between the points hereinafter designated and all intermediate points; also, the franchise and right for said term of fifty years to construct, erect, maintain, repair, replace and operate, use and enjoy over such streets and highways, telephone and telegraph lines to be used in connection with the operation, maintenance, use and enjoyment of said pipe lines between the points hereinafter *designed*
and intermediate points.

200 Said pipe lines, telephone and telegraph lines to be constructed, maintained and operated along, over, under and across the streets or any part of the streets, roads and highways hereinafter particularly described as may be necessary, advisable or convenient to be used in order to properly or conveniently construct, maintain and operate such lines between the commencement thereof and the termination thereof as hereinafter designated and described.

The streets, roads and highways over, along, under and across which said pipe lines shall be erected, maintained and operated are particularly described as follows, to wit:

Commencing at the intersection of the northerly boundary of the City of San Luis Obispo with Monterey Street, thence southwesterly along Monterey Street to its intersection with Essex Street, thence southeasterly along Essex Street to its intersection with Pismo Street, thence southwesterly along Pismo Street to Higuera Street, thence southerly along Higuera Street to the southerly boundary of said City.

The work of construction, laying, erecting, maintaining, repairing, replacing said pipe lines shall be done and performed in ac-

cordance with the ordinances of the City of San Luis Obispo now in force or which may hereafter be adopted appertaining to excavations in public streets and highways. Not more than two lines of pipe shall be laid and maintained, and all pipe shall be buried not less than two feet below the grade line of the streets along which the same shall be laid, and shall be laid so as not to interfere with or damage any public manhole or public sewer or connections therewith, or any public water main or connections therewith, or any gas mains

pipe or connections therewith. In the construction and maintenance of said telephone and telegraph lines, not more than one line of poles shall be used; poles must be placed along outside curb line of sidewalks and shall be uniform in size and not less than six inches in thickness and all wires must be suspended not less than twenty-two feet above the grade line of the streets along which the said telephone and telegraph lines shall be constructed.

Said Producers Transportation Company shall place and maintain at some convenient point within the City of San Luis Obispo in one or more of said pipe lines when constructed through said City a tee or opening for the purpose of delivering oil in the City of San Luis Obispo.

The said Producers Transportation Company and its assigns must during the life of this franchise pay to the City of San Luis Obispo two per cent of the gross annual receipts of said Producers Transportation Company, or its assigns, arising from the use, operation or possession of this franchise; provided, that no percentage shall be paid for the first five years succeeding the date of this franchise, but, thereafter, said percentage shall be paid annually.

This Ordinance shall be published twice in the Daily Telegram, a daily newspaper, printed and published in the City of San Luis Obispo, State of California, and shall be in force and effect after its passage.

Introduced August 23rd, 1909, and passed September 7th, 1909, by the following vote:

Ayes: A. Luchessa, L. Albert, R. Leland, E. W. Clark.

Noes: None.

Absent: P. J. McCaffrey.

202 Approved, September 7th, 1909.

E. W. CLARK,

Chairman of the Board of Trustees of said City.

Attest:

[SEAL.] W. J. MILES, *City Clerk.*

(Indorsed:) Filed August 23rd, 1909. W. J. Miles, *City Clerk.*

STATE OF CALIFORNIA,

*County of San Luis Obispo,**City of San Luis Obispo, ss:*

I, W. J. Miles, City Clerk of the City of San Luis Obispo, in the County of San Luis Obispo, State of California, and Ex Officio Clerk of the Board of Trustees of said City, hereby certify the foregoing to be a full, true and correct copy of an Ordinance passed by the Board of Trustees of said City on the 7th day of September, 1909, with the endorsements thereon, as the same is on file in this office.

In witness whereof, I have hereunto set my hand and the Seal of said City this 11th day of September, 1909.

[SEAL.]

W. J. MILES.

203 [Endorsed:] Ordinance No. 158. City of San Luis Obispo Granting Franchise—50 Yrs.—to Producers Transportation Co. Filed Aug. 23., 1909. W. J. Miles, City Clerk. Certified Copy. Passed Sept. 7th, 1909. Effective Sept. 7th, 1909.

204

Ex. "K."

Ordinance No. —.

Granting to Producers Transportation Company a Franchise to Construct, Operate and Maintain Pipe Lines to Carry Petroleum Oil and Any and All of Its By-Products, Natural Gas and Water and to Erect and Maintain Telegraph and Telephone Lines to be Used in Connection Therewith, Over, Across, Under and Along Certain Public Ways, Roads and Highways in the County of San Luis Obispo.

The Board of Supervisors of the County of San Luis Obispo do ordain as follows:

Whereas, application was made on the 14th day of July, 1909, by Producers Transportation Company, a corporation, to the Board of Supervisors of the County of San Luis Obispo, State of California, for a franchise to construct, lay, erect, maintain, repair, replace and operate, use and enjoy pipe lines to carry, transport and convey petroleum oil and any and all of its by-products, natural gas and water on, over, across, under and along the public ways, roads and highways in the said County of San Luis Obispo between the points hereinafter named and all intermediate points, and at any and all times to do and perform all things necessary, convenient or expedient in connection with the construction, erection, maintenance, repair, replacing and operation of such pipe lines on, over, across, under and along the said public ways, roads and highways in said County; also the franchise and right to construct, erect, maintain, repair, replace and operate, use and enjoy over said ways, roads and highways, telegraph and telephone lines; And, the said application having been

on said 14th day of July, 1909, filed with the Clerk of said Board,— And, whereas, said Board deemed the granting of said application to be for the public interest and proposed to grant the same, and by order duly passed and adopted on the 15th day of July, 1909, ordered the fact that application for said franchise had been made to
205 said Board, together with the statement that it proposed to grant the same, to be published and advertised in the Daily Telegram, a daily newspaper of general circulation, printed, published and circulated in said County of San Luis Obispo, State of California, once a day for ten successive days or as often during said period as said newspaper was published, and that said publication be commenced not less than thirty days nor more than forty days before the 8th day of September, 1909, and that said advertisement should state the character of such franchise and the period for which it is granted and that sealed bids would be received by the said Board of Supervisors at the chambers of the said Board of Supervisors in the Court House of the County of San Luis Obispo, State of California, on and up to the 8th day of September, 1909, at the hour of ten o'clock A. M. of said day, and at said time and place tenders would be read and the franchise applied for, sold and awarded to the highest bidder; and

Whereas, it appearing to this Board that said advertisement was published in all respects as required by law and the order of this Board, and,

Whereas, said Producers Transportation Company, did, in accordance with said order and advertisement, bid the sum of Two Hundred and Fifty Dollars, gold coin of the United States of America, for said franchise, and this Board received said tender, and on said 8th day of September, 1909, at the hour of ten o'clock A. M. of said day met in open session and read said bid; and, whereas, no other tender or said franchise or privilege has been made to or received by this Board, and said Producers Transportation Company is the highest and best bidder therefor:

Therefore, there is hereby granted to Producers Transportation Company, a corporation, and to its assigns, a franchise for the term of fifty (50) years from and after the passage of this Ordinance, to construct, lay, erect, maintain, repair, replace and operate,
206 use and enjoy pipe lines to carry, transport and convey petroleum oil and any and all of its by-products, natural gas and water, on, over, across, under and along the public ways, roads and highways in the said County of San Luis Obispo, between the points hereinafter designated and all intermediate points, and at any and all times to do and perform all things necessary, convenient or expedient in connection with the construction, erection, maintenance, repair, replacing and operation of such pipe lines, on, over, across, under and along the said public ways, roads and highways in said County of San Luis Obispo between the points hereinafter designated and all intermediate points; also the franchise and right for said term of fifty years to construct, erect, maintain, repair, replace and operate, use and enjoy over such ways, roads and highways, telegraph and telephone lines to be used in connection with

the operation, maintenance use and enjoyment of said pipe lines between said points hereinafter designated and all intermediate points.

Said pipe lines, telephone and telegraph lines to be constructed, maintained and operated on, over, across, under and along the said ways, roads and highways or any part thereof or of such other roads and highways in said County of San Luis Obispo as may be necessary, advisable or convenient to be used in order to properly or conveniently construct, maintain and operate such lines between said points hereinafter designated and all intermediate points.

The public ways, roads and highways over, along, under and across which said pipe lines shall be erected, maintained and operated are as follows: Commencing at the intersection of the road in

207 Polonio Pass with the easterly boundary line of said County of San Luis Obispo and running thence in a westerly, south-westerly and southerly direction to the approach to the County wharf at the Town of Avila.

All pipe shall be buried not less than twenty-four inches below the surface of any road or highway along which the same shall be laid and in case of any alteration of the grade line of said road or highway said pipe shall be relaid so as to conform to said requirement. Telegraph and telephone poles shall be erected in such a manner as not to interfere with the public use of said highways.

All excavations made in said ways, roads or highways in the work of constructing, laying, erecting, maintaining, repairing or replacing said pipe lines shall be promptly refilled after the completion of such work and the surface of the ground restored as near as possible to its condition before such excavation to the satisfaction of the Board of Supervisors of said County of San Luis Obispo.

Said Producers Transportation Company shall sell to said County of San Luis Obispo at the market price for oil of such quality and gravity at the time and place of delivery, at any pumping station on the line of said Producers Transportation Company within said County of San Luis Obispo, for the use of said County of San Luis Obispo only, such oil passing through its said pipe lines as said County of San Luis Obispo may require, save in the case of such oil as is not owned by said Producers Transportation Company nor carried by it on such terms that it has the right to sell the same.

The said Producers Transportation Company and its assigns must during the life of this franchise pay to the County of San Luis Obispo two per cent. of the gross annual receipts of said Producers Transportation Company, or its assigns, arising from the use, operation or possession of this franchise; provided that no percentage shall be paid for the first five years succeeding the date of this franchise, but thereafter such percentage shall be paid annually.

208 This Ordinance shall take effect on the 28th day of September, 1909, and before said date the same shall be duly published in accordance with law for one week in the Daily Telegram, a daily newspaper printed and published in said County of San Luis Obispo, State of California.

Introduced and passed this 10th day of September, 1909, by the following vote:

Ayes—Supervisors Black, Veterline, Cliff & Van Gorden.

Noes—Supervisor Donovan.

Absent—None.

GEO. E. VAN GORDEN,
*Chairman of the Board of Supervisors of the
County of San Luis Obispo, State of Cali-
fornia.*

Attest.

[SEAL.] H. H. CARPENTER, *Clerk,*

By ———, *Deputy Clerk.*

(Endorsed:) Filed and Recorded September 10, 1909. H. H. Carpenter, Clerk.

STATE OF CALIFORNIA,

County of San Luis Obispo, ss:

I, H. H. Carpenter, County Clerk and ex-officio Clerk of the Board of Supervisors of said County, hereby certify that I have compared the foregoing copy with the original Ordinance, Granting to Producers Transportation Company, a Franchise to construct and maintain pipe lines to carry petroleum oil and any and all of its by-products, etc., and that the same is a full, true and correct copy of the same and of the whole thereof, as the same appears on file in my office.

In witness whereof, I have hereunto set my hand and the seal of said Superior Court, this 16th day of September, 1909.

[SEAL.]

H. H. CARPENTER,
*County Clerk and ex-Officio Clerk of the
Board of Supervisors of said County.*

209 [Endorsed:] Board of Supervisors, San Luis Obispo County. Ordinance No. —. Franchise 50 years. Granting to Producers Transportation Company a franchise over public ways, roads and highways in the County of San Luis Obispo. Certified copy. Passed Sept. 10, 1909. Effective, Sept. 28, 1909.

210

Ex. "L." (b)

Producers Transp. Co., Nov. 21/13. Pabst.

Bakersfield, California,

July 12, 1909.

To the Honorable Board of Supervisors, San Luis Obispo County, San Luis Obispo, California.

GENTLEMEN: The Producers Transportation Company desiring to secure the rights, easements and franchises hereinafter specified,

respectfully petitions your Honorable Board to advertise for sale and take all necessary steps and proceedings preliminary to and requisite to the sale of the following franchises, rights, and easements over, across and along public roads and high-ways of San Luis Obispo County, California, to wit:

The franchises and rights for the term of fifty (50) years from and after the execution of the grant thereof to construct lay, erect, maintain, repair, replace and operate, use and enjoy pipe lines to carry, transport and convey petroleum, oil and any and all of its by-products, natural gas, and water between the points hereinafter named and any intermediate points, and at any and all times to do and perform all things necessary, convenient or expedient in connection with the construction, erection, maintenance, repair, replacing and operating such pipe lines over, along and across the public roads and high-ways of said county of San Luis Obispo between the points hereinafter designated and any and all intermediate points; also the right for said term of fifty (50) years to construct, erect, maintain, repair, replace and operate, use and enjoy over said roads and high-ways, telegraph and telephone lines to be used in connection with the operation, maintenance, use and enjoyment of said pipe lines between the points hereinafter named and intermediate points.

211 Said pipe lines and said telephone and telegraph lines to be constructed, maintained and operated along, over and across the roads, or any part of the roads and high-ways hereinafter particularly described, and over, along and across such other roads or high-ways of San Luis Obispo County, as may be necessary, advisable or convenient to be used in order to properly or conveniently construct, maintain and operate such lines between the point of commencement thereof and the termination thereof, as hereinafter designated and described.

The roads and high-ways over, along and across which said pipe lines and said telephone and telegraph lines are to be erected, maintained and operated commence at the intersection of the road in Polonio Pass with the easterly boundary line of said San Luis Obispo County, and running thence in a westerly, southwesterly and southerly direction to, upon, and to the end of the County Wharf at the town of Avila, in the general course and direction, and generally over such roads and portions of roads as are shown on map hereto attached and marked "Exhibit A".

Respectfully,

PRODUCERS TRANSPORTATION COMPANY,
By H. G. HOLABIRD.

[Endorsed:] Board of Supervisors County of San Luis Obispo State of California. In Re Application of Producers Transportation Company for Pipe Line Franchise. Filed July 14, 1909. H. H. Carpenter Clerk.

212 [Endorsed:] Application made by Producers Transportation Company to the Board of Supervisors of the County of San Luis Obispo, for Franchise.

213

Ex. "M." (c)

Producers Transp. Co., Nov. 21/13. Pabst.

Bakersfield, Calif.,

July 19, 1909.

To The Honorable The Board of Trustees of the City of San Luis Obispo, State of California.

GENTLEMEN: Producers Transportation Company, a Corporation desiring to secure the easement and franchise hereinafter specified, respectfully petitions your Honorable Board to advertise for sale and take all necessary steps and proceedings preliminary to and requisite to the sale of the following franchise, rights and easement over, under, across and along public streets, roads and highways of the City of San Luis Obispo, State of California, to wit:

The franchise and right for the term of fifty (50) years from and after the execution of the grant thereof to construct, lay, erect, maintain, repair, replace and operate, use and enjoy pipe lines to carry, transport and convey petroleum, oil and any and all of its by-products, natural gas and water, between the points hereinafter named and intermediate points and at any and all times to do and perform all things, necessary, convenient or expedient in connection with the construction, erection, maintenance, repair, replacing and operating such pipe lines, over, along, under and across the public streets, roads and highways of said City of San Luis Obispo, between the points hereinafter designated and all intermediate points; also the franchise and right for the said term of fifty (50) years to contract, erect, maintain, repair, replace and operate, use and enjoy over said streets and highways, telephone and telegraph lines to be used in connection with the operation, maintenance, use and enjoyment of said pipe lines, between the points hereinafter designated and intermediate points.

Said pipe lines and said telephone and telegraph lines to be constructed, maintained and operated along, over, under and across the streets or any part of the streets, roads and highways hereinafter particularly described, as may be necessary, advisable or convenient to be used in order to properly or conveniently construct, maintain and operate such lines between the commencement thereof and the termination thereof as hereinafter designated and described.

The streets, roads and highways over, along, and across which said pipe lines and telegraph and telephone lines are to be erected maintained and operated, are particularly described as follows, to wit:

Commencing at the intersection of the Northerly boundary of the City of San Luis Obispo, with Monterey Street, thence Southwesterly along Monterey Street to its intersection with Essex Street, thence Southeasterly along Essex Street to its intersection with Pismo Street, thence Southwesterly along Pismo Street to Higuera Street,

thence Southerly along Higuera street to the Southerly boundary of said City.

Respectfully,

PRODUCING TRANSPORTATION COMPANY.
H. G. HOLABIRD.

(Endorsed:) Com. from Producers Transportation Company,
Filed July 18, 1909, W. J. Miles, City Clerk.

215 [Endorsed:] Application made by Producers Transportation Company to the Board of Trustees of the City of San Luis Obispo for Franchise.

216

Ex. N.

Producers Transportation Exhibit N.

This Agreement, Made this — day of —, 191—, between —, a corporation having its principal place of business at —, first party, and Producers Transportation Company, a corporation, second party, witnesseth, That,

Whereas, the first party is the lessee / owner of certain oil producing lands, situated in the — oil field in the County of — State of California, bounded and particularly described as follows, to wit: —

And Whereas, first party is desirous of obtaining by means of a pipe line system extended to tide water, and thence by means of vessels, facilities for transporting to market, all the oil which it may produce from said lands; and second party owns and operates an oil pipe line system extending from oil fields in Fresno and Kern Counties, California, to Port Harford, California, and second party has effected arrangements for transportation of oil from Port Harford, by water;

Now, Therefore, in consideration of the premises, and of the benefits to be derived by each of the parties hereunder, and of the covenants and agreements herein contained to be kept and performed by them respectively, the parties hereto hereby agree as follows:

First. First party agrees that it will deliver to second party for transport through second party's pipe line system hereunder, and that it shall and will cause to be transported through said pipe line system, all fuel oil produced or obtained by first party, out of and from the oil producing lands above described, at any and all times, during the full period commencing on the date hereof and ending January 31, 1920; first party further agrees to pay for transporting and for storage of its said oil hereunder at the rates specified in "Schedule A" hereof.

Second. The rules, regulations, terms and provisions of said "Schedule A," hereto attached, shall govern and determine the gauging, receiving, handling, storing, transporting (by pipe line, and / or by vessels) and delivery of all oil transported for first party through said pipe line system and the payments to be made by first party, and said "Schedule A" is hereby referred to and each and every part

and portion thereof is made a part hereof, and shall be construed in connection with all other portions of this contract.

Third. First party hereby grants to second party the following rights and easements in, over, through, across, on and upon above described property, to continue for the full term of this contract, and as long thereafter as said rights and easements shall be used and operated, to-wit:

(a) To lay, repair, replace, maintain, enlarge and operate, over and through said property, the main pipe line of said system, and any and all laterals or branch lines thereof or therefrom, which it deems necessary or convenient, to the producing wells and gauge tanks of first party, and into territory owned and operated by other parties;

(b) To construct, repair, replace, maintain, enlarge and operate, in, over and across said premises, telephone and telegraph lines and water lines;

(c) The rights to enter upon said premises by any and all means and through any and all employes, for the purpose of using and enjoying said easements;

(d) The right to remove from said premises at any time any and all property of second party placed thereon; all of said rights and easements to be used and enjoyed and the property of second party to be located on said premises with due regard to the proper use of said property by first party for the production of oil therefrom.

Fourth. It is further particularly agreed, that all and singular the grants and agreements of the first party herein contained, shall be and are covenants running with and binding said lands, binding upon first party and its successors in interest in said property, and in favor of second party and its successors and assigns, and first party hereby grants to second party and to its successors and assigns a lien on the above described lands and on all of its rights and interests therein, to secure and which does and shall secure the payment by first party to second party, when due, of all charges for transportation and storage of oil and other charges hereunder, and also to secure, and which does and shall secure the faithful and specific performance by first party, and its successors in interest in said property, of all and singular its agreements herein contained, which liens shall continue in force for said term and until this contract is fully executed.

In Witness Whereof, on the day and year first above written, each of the respective parties has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary, thereto duly authorized by resolution of its Board of Directors.

By ———, *Its President, and*

By ———, *Its Secretary.*

PRODUCERS TRANSPORTATION COMPANY,

By ———, *Its President, and*

By ———, *Its Secretary.*

"SCHEDULE A."

The foregoing Contract, to which this "Schedule A" is attached, and of which it forms a part, is hereafter designated "said Contract."

So much of the oil produced or controlled by first party as may be required for fuel in carrying on drilling and pumping operations on the lands upon which it is produced, together also with the amount of oil necessary to satisfy and pay royalty, in case there is any royalty to pay, and the same is payable in oil, shall be, and all of such oil is, excepted from the operation of said contract. In the event of any subsisting contracts for the sale of oil, all oil so agreed to be sold and delivered shall not come under the provisions of this contract; a memorandum of such contracts being hereinafter set forth.

All fuel oil to be transported under said contract shall be delivered by first party to second party in suitable tanks to be provided by and at the sole cost of first party, and to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second party therefrom.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, or such tanks get out of gauge from any cause, new gauge tables shall be made as above provided. First party shall keep its tanks in good order and tight at all times.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second party for transportation, and second parties shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to it.

All oil is to be received by second party on the basis of a temperature of 60 degrees F. and a deduction or credit in the volume of oil at the rate of one per cent. for each 20 degrees over or under 60 degrees F. shall be made. Temperature reading to be made at delivery tank at time of delivery.

The expression "fuel oil," as used in said contract and in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel" wherever used herein, means a barrel of forty-two (42) gallons.

The second party shall not be required to accept for pipe line transportation any oil from first party which is heavier than the average gravity of oil now being produced from said property by first party. It is expected and agreed that second party will receive for transportation and will transport through said pipe line, oil

of varying degrees of density and quality, produced from various properties in said various oil fields, in addition to the property of the first party; that all oil received by second parties for transportation may be commingled with oil received from other territory and other fields, and that the resulting mixture of such oils shall be delivered to and accepted by first party, at the pipe line terminus, as the oil transported for first party by second party.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second party shall not be required to receive or transport oil at any time in excess of the carrying capacity of their pipe, pump stations or pipe line equipment. In case, at any time, the amount of oil offered second party for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for transportation through said pipe line system, shall be prorated in proportion to the amount of oil offered by each such producer.

Whenever first party shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of second party and the second party shall thereupon, within forty-eight hours after receiving said notice, gauge, test, and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material.

Second party when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of first party into the main pipe line of second party that such oil be pumped, the first party shall furnish, at its own expense, pumps under specifications of second party, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that first party shall not be obliged to pump against a pressure of more than 600 pounds.

Second party shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accident, labor troubles, or other causes not under its control.

First party agrees to pay second party for transporting its oil through said pipe line system at the rate of 22½ cents per barrel for all oil delivered to second party for transportation to tide water at or near Port Harford, and at the rate of 2½ cents per barrel for all oil delivered to second party for transportation to f. o. b. cars at point on pipe line most convenient to pipe line company.

In case second party shall at any time store oil for first party, they shall charge, and first party shall pay, for such storage at the

rate of one cent per barrel per month, if stored anywhere excepting in earthen reservoirs, and for oil stored in earthen reservoirs at the rate of two cents per annum, per barrel. All storage charges 217-18 shall be calculated on the basis of oil on hand on the first of each calendar month. No charge will be made for the following amounts of oil:

- (a) Sufficient oil to fill main pipe line;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said main pipe line system;
- (c) Sufficient oil to fill all tank ships and boats employed in this service.

Second party shall charge, and first party shall pay, the charges hereinbelow stated for transportation of oil by boats from Port Harford; these charges including dockage, wharfage and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch. The second party shall supply sufficient water transportation to permit of the transporting of said oil from Port Harford to the various points mentioned below:

Port Harford to Eureka	\$.20
" " " San Francisco Bay Points .....	.10
" " " San Diego .....	.12½
" " " San Pedro .....	.10
" " " Santa Barbara .....	.07½
" " " Ventura .....	.10
" " " Hueneme .....	.10

Water transportation hereunder will at all times be limited to available capacity of boats in service, which are under lease or are contracted for by second party.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accident from fire or other causes, and shall be borne pro rata by all oil handled by second party. Storage of oil by second party herein will be at its discretion and at all times limited to its available storage facilities.

First party agrees that it shall and will upon the 20th day of each month pay second party in full for all the following charges:

- (a) All amounts due for pipe line transportation of all oil delivered to second party by first party during the preceding calendar month;
- (b) All amounts due for transportation of oil in vessels during said preceding calendar month; and
- (c) All amounts due for storage of oil during said preceding calendar month.

The following is a memorandum of contracts now subsisting, being contracts referred to in the second paragraph of "Schedule A":

1. Sale contract dated — — —, between — (the Producer) and the Independent Oil Producers Agency, covering all oil produced on the land named in the said contract, and running to

and including December 31, 1919, and giving first lien on said land for the fulfillment thereof, said sale contract being recorded in the office of the County Recorder of — County on the — day of —, 19—, in Vol— of — at pages — et sequitur, to which sale contract and record reference is hereby made.

Resolution of Board of Directors.

"Whereas it has been proposed for this Company to enter into a contract for the pipage and transportation of its oil for a period ending January 31, 1920, under contract with Producers Transportation Company, a copy of which contract has been submitted to and read and duly considered by this Board of Directors, and it is deemed for the best interests of this Company that it enter into said contract;

Now, Therefore, be it resolved that this Company enter into said contract and that the President and Secretary of this Company be and they are hereby instructed, authorized and empowered for and on behalf of this Company, in its name, under its seal and as its act and deed, to execute said contract between this Company and said Producers Transportation Company.

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Board of Directors of — adopted at a regular meeting of said Board of Directors, due notice whereof was given to all of the Directors of said Company, at which meeting the majority of the Directors were present and voted, and that said resolution was adopted by the unanimous vote of the Directors present, that said resolution has been recorded in the minutes of said meeting of said Board and is now in full force and effect; and I hereby further certify that the foregoing contract for the pipage and transportation of oil, to which this certificate is attached, is the contract referred to in said resolution and which was read, considered by and acted upon by said Board of directors.

In witness whereof, I have hereunto set my hand and affixed the seal of said corporation this — day of —, 19—.

Secretary of said Corporation.

[Endorsed:] Contract for Pipage and Transportation of Oil.
— with Producers Transportation Company. Dated —
—, 191—.

California Oil Statistics for July, 1913.

Prepared by the Independent Oil Producers Agency,
Los Angeles, Calif.

Index for July, 1913.

California:	Sheet.
General Summary	1 to 3
Analysis of Production, etc.....	4
Field Operations by Districts.....	5
Field Operations by Companies.....	6
Well Completions	7 to 8
Field Summaries	9 to 12
 Union-Agency:	
General Summary	13 to 14
Field Operations	15
 Union Oil Company:	
General Summary	16 to 17
Southern Pipe Line Operations.....	18
Field Operations	19
Receipts by Companies	20 to 21
Vessel Shipments	22 to 24
 Independent Agency:	
General Summary	25
Analysis Coalinga District	26
Analysis Kern District	27
Analysis Maricopa & McKittrick.....	28
Analysis Midway District	29
 Producers Transportation Company:	
General Summary	30
 General Petroleum Company:	
General Summary	31 to 32
Summary of Receipts.....	33
 Southern Pacific Group:	
General Summary	34

California.

Control of Production.

By—	July.			Daily averages.				From other lines.		
	Own.	Purchased.	Total.	July.	June.	Half 1913.	1912.	Total barrels.	Daily average.	
									July.	Half 1913.
Union-Agency	1,414,269	370,405	1,784,674	57,570	60,946	53,262	45,516	190,755	6,153	1,155
General Pet. Co.	362,559	185,275	547,834	17,672	17,399	13,333	.....	.....	....	571
Santa Fe	397,143	.....	397,143	12,811	12,732	13,130	12,220	.....	.....	.....
Associated	564,840	949,592	1,514,432	48,852	48,324	50,659	53,965	47,100	1,519	942
Kern T. & O. Co.	678,302	134,431	812,733	26,217	25,893	25,161	19,438	.....	.....	5,618
Amalgamated	260,965	86,660	347,625	11,213	11,131	11,266	12,077	31,554	1,018	1,047
Standard	751,906	1,552,029	2,303,935	74,321	69,633	68,734	74,612	166,797	5,380	1,335
Miscellaneous .....	.....	318,969	318,969	10,289	10,019	10,264	13,129	.....	.....	.....
State	4,429,984	3,597,361	8,027,345	258,947	254,174	244,587	230,957	.....	.....	.....
July Average	142,903	116,044	258,947							
June Average	131,569	122,605	254,174							
Half 1913 "	126,664	117,923	244,587							
1912 Average	102,876	128,081	230,957							

Regular Pipe Line Runs and Receipts from Other Lines.

By—	Regular runs.	Daily Averages.				Other lines.	Total receipts.
		July.	June.	Half 1913.	1912.		
Union-Agency	1,866,884	60,222	61,814	53,917	49,335	190,755	2,057,639
General Pet.	596,299	19,235	16,581	12,689	.....	.....	596,299
Santa Fe	372,751	12,024	10,027	12,184	12,338	.....	372,751
Associated	1,544,539	49,824	49,938	50,704	54,366	47,100	1,591,639
Kern T. & O.	796,950	25,708	23,997	23,701	19,575	.....	796,950
Amalgamated	342,801	11,058	11,163	11,538	12,238	31,554	374,355
Standard	2,295,285	74,042	68,754	68,141	74,585	166,797	2,462,082
Miscellaneous	242,057	7,808	10,649	9,195	12,755	.....	242,057
State	8,057,566	259,921	250,541	240,903	235,192	.....	8,057,566

California.

Control of Production.

No.	July.		Daily averages.				From other lines.			Total income.			
	Purchased.	Total.					Total barrels.	Daily average.		Total barrels.	Daily averages.		
			July.	June.	Half 1913.	1912.		July.	Half 1913.		July.	Half 1913.	1912.
269	370,405	1,784,674	57,570	60,946	53,262	45,516	190,755	6,153	1,155	1,975,429	63,723	54,417	45,516
559	185,275	547,834	17,672	17,399	13,333	.....	.....	.....	571	547,834	17,672	13,904	.....
143	.....	397,143	12,811	12,732	13,130	12,220	.....	.....	.....	397,143	12,811	13,130	12,220
840	949,592	1,514,432	48,852	48,324	50,659	53,965	47,100	1,519	942	1,561,532	50,371	51,602	57,629
302	134,431	812,733	26,217	25,893	25,161	19,438	.....	.....	5,618	812,733	26,217	30,779	19,438
965	86,660	347,625	11,213	11,131	11,266	12,077	31,554	1,018	1,047	379,179	12,231	12,313	12,077
906	1,552,029	2,303,935	74,321	69,633	68,734	74,612	166,797	5,380	1,335	2,470,732	79,701	70,069	76,026
...	318,969	318,969	10,289	10,019	10,264	13,129	.....	.....	.....	318,969	10,289	10,264	13,129
984	3,597,361	8,027,345	258,947	254,174	244,587	230,957	.....	.....	.....	8,027,345	258,947	244,587	230,957
903	116,044	258,947											
569	122,605	254,174											
864	117,923	244,587											
876	128,081	230,957											

Regular Pipe Line Runs and Receipts from Other Lines.

	Regular runs.	Daily Averages.				Other lines.	Total receipts.	Daily averages.			
		July.	June.	Half 1913.	1912.			July.	June.	Half 1913.	1912.
.....	1,866,884	60,222	61,814	53,917	49,335	190,755	2,057,639	66,375	61,814	53,917	49,335
.....	596,299	19,235	16,581	12,689	.....	.....	596,299	19,235	16,581	13,260	.....
.....	372,751	12,024	10,027	12,184	12,338	.....	372,751	12,024	10,027	12,184	12,338
.....	1,544,539	49,824	49,938	50,704	54,366	47,100	1,591,639	51,343	50,509	51,646	58,030
.....	796,950	25,708	23,997	23,701	19,575	.....	796,950	25,708	26,508	29,319	19,575
.....	342,801	11,058	11,163	11,538	12,238	31,554	374,355	12,076	12,276	12,585	12,238
.....	2,295,285	74,042	68,754	68,141	74,585	166,797	2,462,082	79,422	69,617	69,476	75,999
.....	242,057	7,808	10,649	9,195	12,755	.....	242,057	7,808	10,649	9,195	12,755
.....	8,057,566	259,921	250,541	240,903	235,192	.....	8,057,566	259,921	250,541	240,903	235,192

Regular Pipe Line Shipments & Total Outgo.

By—	Regular shipments.	Daily averages.				Other lines.	Shrinkage, etc.			Total outgo.
		July.	June.	Half 1913.	1912.		Field.	Line.	Total.	
Union-Agency	1,767,243	57,008	52,022	49,592	45,057	47,100	11,513	48,099	59,612	1,873,955
General Pet.	106,388	3,432	3,236	4,830	.....	279,461	.....	57,873	57,873	443,722
Santa Fe	372,751	12,024	10,027	12,184	12,337	.....	.....	.....	.....	372,751
Associated	1,826,505	58,919	46,322	45,174	46,643	.....	55,582	36,125	91,707	1,918,212
Kern T. & O.	587,806	18,961	25,163	27,660	19,677	109,645	.....	14,310	14,310	711,761
Amalgamated	367,091	11,841	11,593	12,695	12,365	.....	.....	.....	.....	367,091
Standard	2,449,053	79,002	89,059	78,068	60,268	.....	.....	10,339	10,339	2,459,392
Miscellaneous	242,057	7,808	10,649	9,195	12,565	.....	3,000	.....	3,000	245,057
State	7,718,894	248,997	248,055	239,386	210,013	.....	70,095	166,746	236,841	7,955,735

Stocks August 1st, 1915.

By—	At the wells.			Pipe line.	August
	Own.	Purchased.	Total.		
Union-Agency	402,699	57,850	460,549	9,290,788	9,751,337
General Pet.	66,885	39,200	106,085	1,184,400	1,290,485
Santa Fe	363,280	.....	363,280	.....	363,280
Associated	150,147	210,163	360,310	9,188,200	9,548,517
Kern T. & O.	402,065	7,660	409,725	626,312	1,030,041
Amalgamated	72,329	15,266	87,595	107,661	190,260
Standard	58,812	174,322	233,134	25,068,987	25,302,121
Miscellaneous .....	.....	691,957	691,957	.....	691,957
August 1st	1,516,217	1,196,418	2,712,635	45,466,348	48,175,380
July 1st	1,590,097	1,222,854	2,812,951	45,294,422	48,107,403
Difference	73,880	26,436	100,316	171,926	71,977

California.

Regular Pipe Line Shipments & Total Outgo.

Regular Shipments.	Daily averages.				Other lines.	Shrinkage, etc.			Total outgo.	Daily averages.			
	July.	June.	Half 1913.	1912.		Field.	Line.	Total.		July.	June.	Half 1913.	1912.
767,243	57,008	52,022	49,592	45,057	47,100	11,513	48,099	59,612	1,873,955	60,450	53,419	52,581	50,520
106,388	3,432	3,236	4,830	.....	279,461	.....	57,873	57,873	443,722	14,314	7,573	8,364	.....
372,751	12,024	10,027	12,184	12,337	.....	.....	.....	.....	372,751	12,024	10,027	12,184	12,337
826,505	58,919	46,322	45,174	46,643	.....	55,582	36,125	91,707	1,918,212	61,877	47,426	46,169	50,112
587,806	18,961	25,163	27,660	19,677	109,645	.....	14,310	14,310	711,761	22,960	25,552	27,787	19,677
867,091	11,841	11,593	12,695	12,365	.....	.....	.....	.....	367,091	11,841	11,593	12,695	12,365
149,053	79,002	89,059	78,068	60,268	.....	.....	10,339	10,339	2,459,392	79,335	92,221	83,868	60,922
242,057	7,808	10,649	9,195	12,565	.....	3,000	.....	3,000	245,057	7,905	11,704	9,488	12,565
718,894	248,997	248,055	239,386	210,013	.....	70,095	166,746	236,841	7,955,735	256,637	252,082	242,502	213,932

Stocks August 1st, 1915.

	At the wells.			Pipe line.	Grand total.		Difference.	Daily average.
	Own.	Purchased.	Total.		August 1st.	July 1st.		
.....	402,699	57,850	460,549	9,290,738	9,751,337	9,649,863	Inc. 101,474	3,273
.....	66,885	39,200	106,085	1,184,400	1,290,485	1,186,373	" 104,112	3,358
.....	363,280	.....	363,280	.....	363,280	338,888	" 24,392	787
.....	150,147	210,163	360,310	9,188,200	9,548,510	9,905,190	Dec. 356,680	11,506
.....	402,065	7,660	409,725	626,312	1,036,037	935,065	Inc. 100,972	3,257
.....	72,329	15,266	87,595	107,661	195,256	183,168	" 12,088	390
.....	58,812	174,322	233,134	25,068,987	25,302,121	25,290,781	" 11,340	366
.....	.....	691,957	691,957	.....	691,957	618,045	" 73,912	2,384
.....	1,516,217	1,196,418	2,712,635	45,466,348	48,178,983	48,107,373	Inc. 71,610	2,310
.....	1,590,097	1,222,854	2,812,951	45,294,422	48,107,373			
.....	73,880	26,436	100,316	171,926	71,610			

California.

State Surplus.

Daily average.	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Production	214,233	230,957	244,587	254,174	258,947	4,773	....
Runs from Wells	214,918	232,907	240,903	250,541	259,921	9,380	....
Loss by Evap. Etc. ....	.....	815	528	1,153	2,261	1,108	....
Field Reduced	685	1,865	Tkd. 3,156	Tkd. 2,480	3,235	....	....
Runs from Wells	214,918	232,907	240,903	250,541	259,921	9,380	....
Pipe Line Shipments	184,931	210,013	239,386	248,055	248,997	942	....
Pipe Line Losses .....	.....	3,104	2,588	2,874	5,379	2,505	....
Lines Tanked	29,987	19,790	Red. 1,071	388	3,545	4,157	....
Daily Surplus	29,302	17,025	2,085	2,092	2,310	218	....

Table of Daily Averages by Companies.

By—	Control of production.	Other receipts.	Total income.	Regular shipped.	Other lines.	Losses, etc.	Total outgo.	Daily averages.	
								Surplus.	Shortage.
Union-Agency	57,570	6,153	63,723	57,008	1,519	1,922	60,450	3,273	....
General Pet. Co.	17,672	....	17,672	3,432	9,015	1,867	14,314	3,358	....
Santa Fe	12,811	....	12,811	12,024	....	....	12,024	787	....
Associated	48,852	1,519	50,371	58,919	....	2,958	61,877	....	11,506
Kern T. & O. Co.	26,217	....	26,217	18,961	3,537	462	22,960	3,257	....
Amalgamated	11,213	1,018	12,231	11,841	....	....	11,841	390	....
Standard	74,321	5,380	79,701	79,002	....	333	79,335	366	....
Miscellaneous	10,289	....	10,289	7,808	....	97	7,905	2,384	....
State	258,947	....	258,947	248,997	....	7,640	256,637	2,310	....

Associated Oil Company :

General Summary	35 to 36
Field Operations	37
Summary of Runs.....	38 to 39

Kern Trading & Oil Co.:

General Summary	40
Field Operations and Runs.....	41

Amalgamated Oil Co.:

General Summary	42
Pipe Line Operations	43
Field Operations and Runs.....	44

Standard Oil Co.:

General Summary	45 to 46
Southern Pipe Line Operations	47
Field Operations	48
Summary of Runs	49 to 51

Miscellaneous Operators:

General Summary	52
Summary of Shipments	53 to 55

Santa Fe Properties:

General Summary	56
-----------------------	----

August 22nd, 1913.

(Here follow pasteur tables marked pages 221, 222, and 223.)

California.

Production.

Valley.	June.		July.		Difference Daily Avge.	Daily average.		
	Barrels.	Daily Avge.	Barrels.	Daily Av.		Half 1913.	1912.	1911.
Coalinga	1,581,057	52,702	1,617,081	52,164	Dec. 538	50,260	51,375	48,851
Kern River	744,678	24,822	766,754	24,735	Dec. 87	25,851	28,723	33,319
Maricopa	465,253	15,508	497,126	16,036	Inc. 528	14,962	14,384	12,673
Midway	2,475,202	82,507	2,692,001	86,839	" 4,332	78,050	68,850	57,444
McKittrick	348,936	11,632	366,645	11,827	" 195	12,016	13,076	14,721
Belridge	184,940	6,165	189,610	6,116	Dec. 49	5,680	3,694	.....
Lost Hills	293,566	9,785	287,646	9,279	" 506	7,263	3,404	266
Total	6,093,632	203,121	6,416,863	206,996	Inc. 3,875	194,082	184,506	167,274
Const.								
Santa Maria	401,503	13,385	423,935	13,675	Inc. 290	12,948	14,399	17,064
Fullerton	526,474	17,549	518,646	16,731	Dec. 818	17,262	15,813	16,054
Salt Lake	219,262	7,309	237,075	7,647	Inc. 338	7,030	7,290	7,659
Whittier	49,962	1,665	68,155	2,199	" 534	1,849	1,954	3,162
Coyote	216,362	7,212	249,421	8,046	" 834	7,574	3,693	.....
Ventura	73,421	2,447	73,374	2,367	Dec. 80	2,348	1,784	1,258
Newhall	8,392	280	8,621	278	" 2	293	317	386
Los Angeles	31,842	1,061	26,905	868	" 193	1,055	1,058	1,198
Summerland	4,350	145	4,350	140	" 5	146	143	178
Total	1,531,568	51,053	1,610,482	51,951	Inc. 898	50,505	46,451	46,959
State Total	7,625,200	254,174	8,027,345	258,947	Inc. 4,773	244,587	230,957	214,233

California.

Production, Runs, Shipments, and Stocks.

Valley.	Net production.	Runs.	Shipments.	Gross stocks.		
				Field.	Pipe line.	Total.
Coalinga	1,617,081	1,667,132	2,189,459	250,845	2,836,099	3,086,944
Kern River	766,754	691,475	1,639,930	806,281	27,937,436	28,743,717
Maricopa	497,126	519,720	87,233	200,846	609,984	810,830
Midway	2,692,001	2,709,301	643,204	825,000	1,770,426	2,595,426
McKittrick	366,645	381,645	326,344	77,550	875,888	953,438
Belridge	189,610	205,010	.....	25,400	.....	25,400
Lost Hills	287,646	288,889	172,727	33,911	290,156	324,067
Other Points .....	.....	.....	902,416	.....	9,922,295	9,922,295
Total	6,416,862	6,463,172	5,961,313	2,219,833	44,242,284	46,462,117
Coast.						
Santa Maria	423,935	401,858	361,943	281,000	453,788	734,788
Fullerton	518,646	531,340	372,055	33,442	105,932	139,374
Salt Lake	237,075	234,549	11,550	79,604	27,489	107,093
Whittier	68,155	62,489	27,811	27,564	.....	27,564
Coyote	249,421	251,154	8,175	38,177	.....	38,177
Ventura	73,374	72,942	83,854	16,736	83,308	100,044
Newhall	8,621	8,807	2,731	1,279	.....	1,279
Los Angeles	26,905	26,905	885,112	15,000	553,547	568,547
Summerland	4,350	4,350	4,350	.....	.....	.....
Total	1,610,482	1,594,394	1,757,581	492,802	1,224,064	1,716,866
State Total	8,027,345	8,057,566	7,718,894	2,712,635	45,466,348	48,178,983
Losses .....	.....	.....	236,841	.....	.....	.....
Total Outgo .....	.....	.....	7,955,735	.....	.....	.....

Field Operations by Districts.

Valley.	Completed.		Producing.				Proven.		Unproven.		Total.		Rlgs up. Abandoned.		
	No.	Output.	Active.		Idle.		Active.		Idle.		Active.			Idle.	
Coalinga	6	3,707	899	217	50	20	7	42	57	62	3	6			
Kern	2	90	1,470	409	8	..	1	1	9	1	3	..			
Maricopa	4	360	287	130	27	29	4	31	31	60	..	1			
Midway	22	13,350	898	141	89	67	4	22	93	89	4	..			
McKittrick .....	..	.....	255	31	6	1	..	19	6	20	..	..	
Belridge	7	870	81	4	4	8	3	17	7	25	4	..			
Lost Hills	7	825	88	6	12	16	1	16	13	32	2	..			
July	48	18,565	3,978	938	196	141	20	148	216	289	26	7			
June	48	14,675	3,989	889	221	142	22	144	243	286	22	13			
Six Mos. ago....	43	14,435	3,879	860	207	123	35	155	242	278	36	5			
Year ago	52	8,545	3,923	589	205	120	64	138	269	258	37	2			
Coast—South.															
Santa Maria	3	1,550	235	54	2	11	5	28	7	39	2	4			
Fullerton	3	700	322	28	17	2	1	1	18	3	1	..			
Salt Lake	3	420	287	24	6	2	..	..	6	2	..	..	
Whittier	1	Dry	144	12	5	1	1	3	6	4	..	1			
Coyote	6	3,775	23	3	20	2	12	3	32	5	7	1			
Ventura	1	10	327	32	10	7	19	26	29	33	3	1			
Newhall .....	..	.....	79	4	..	..	1	4	1	4	..	..	
Los Angeles .....	..	.....	412	..	..	..	..	..	..	..	..	..

[illegible]

State Total.

July	65	25,020	5,932	1,120	256	166	74	224	330	390	39	14
June	57	15,695	5,959	1,052	293	164	84	212	377	376	26	15
Six Mos. ago	53	17,860	5,862	973	281	146	98	223	379	369	49	10
Year ago	58	9,576	5,837	734	290	153	96	185	386	338	41	5

Field Operations by Companies.

Company.	Completed.				Producing.			
	Own.		Purchased.		Own.		Purchased.	
	No.	Output.	No.	Output.	No.	Output.	No.	Output.
Union-Agency	10	2,295	5	740	15	3,035	Active. 303	Idle. 38
Gen. Pet. Co.	3	165	..	....	3	165	Active. 143	Idle. 10
Santa Fe	2	125	..	....	2	125	Active. 262	Idle. 29
Associated	2	200	11	1,130	13	1,330	Active. 924	Idle. 180
K. T. & O. Co.	3	1,090	1	100	4	1,190	Active. 86	Idle. 12
Amalgamated	3	510	1	10	4	520	Active. 110	Idle. 1
Standard	10	14,685	10	3,575	20	18,260	Active. 519	Idle. 96
Miscellaneous .....	..	.....	4	395	4	395	Active. 1,087	Idle. 217
Total	33	29,070	32	5,950	65	25,020	Active. 3,172	Idle. 554
							Active. 5,932	Idle. 1,120

Company.	Drilling.				Rigs up.			
	Own.		Purchased.		Total.		Rigs up.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.	Own. Purchased.	Total. Aband.
Union-Agency	35	42	17	4	52	46	8 1	9 2
Gen. Pet. Co.	8	14	..	2	8	16	1 1	1 1
Santa Fe	6	12	..	..	6	12	1 1	1 1
Associated	14	19	14	21	28	40	5 10	10 6
K. T. & O. Co.	30	3	2	..	32	3	1 1	1 1
Amalgamated	7	1	2	2	9	3	1 1	1 1
Standard	38	3	77	30	115	33	3 7	10 1
Miscellaneous .....	..	..	65	226	65	226	6 6	2 2
Total	138	94	177	285	315	379	26 13	39 14

July Well Completions.—Continued.

Belridge:		Location.	Number.	Depth.	Output.	Gravity.	Run to—
General Pet. Co.	.....	3-29-21	20	900	100	18.0	Gen. Petroleum Co.
Belridge Oil Co.	.....	29-28-21	77	724	10	14.4	Associated Oil Co.
"	.....	32-28-21	80	720	500	18.4	"
"	.....	33-28-21	84	726	80	25.6	"
"	.....	"	85	720	70	14.5	"
"	.....	"	86	712	20	15.2	"
"	.....	"	87	726	90	19.9	"
Total			7		870		
228							
Lost Hills:		July Well Completions.					
Dudley & Dudley	.....	5-27-21	4	1,150	60	35.4	Union Oil Co.
Universal Oil Co.	.....	"	4	1,260	70	34.5	Associated Oil Co.
"	.....	"	3	1,505	50	29.4	"
Standard Oil Co.	.....	4-27-21	23	1,800	225	35.9	Standard Oil Co.
"	.....	"	18	1,834	70	36.0	"
"	.....	"	21	1,930	300	35.3	"
"	.....	9-27-21	22	2,067	50	37.5	"
Total			7		825		

Santa Maria:

Union (Newlove)	41	3,250	1,200	30.0	Union Oil co.
"	42	2,960	250	30.0	"
Palmer-Union	11	2,920	100	14.0	Miscellaneous.
Total	3		1,550		

Fullerton:

Olinda Land	11	2,890	....	....	Union Oil Co.
Birch Oil Co.	6	3,940	600	....	"
West Coast	51	2,834	100	15.0	Amalgamated Oil Co.
Total	3		700		

Salt Lake:

Areturas	37	2,970	110	....	Amalgamated Oil Co.
West Coast (Gillis)	2	2,760	300	15.0	"
La Brea	59	770	10	13.0	
Total	3		420		

Whittier:

Murphy Oil Co.	27	4,275	Dry
---------------------	----	-------	-----	------	-------

July Well Completions.—Continued.

Coyote:	Location.	Number.	Depth.	Output.	Gravity.	Run to—
Union (G. & L. Lease).....	13- 3-10	6	3,045	30	....	Union Oil Co.
Dorsey Oil Co.	19- 3- 9	2	3,387	70	18.0	"
Standard (Williams)	9- 3-10	1	3,885	Dry	....	.....
" (Emory)	14- 3-11	3	3,500	3,400	....	Standard Oil Co.
Walker Brand	19- 3- 9	2	3,421	75	18.0	"
St. Helens	18- 3-10	1	3,063	200	19.0	"
Total		6		3,775		
Ventura:						
Lapp & Gifford (Bell)	12- 3-20	7	1,700	10	25.0	Miscellaneous.
Oil Wells		63				
Dry Holes		2				
		65				

District Completions, Producing Wells, and Drilling Operations.

Coalinga:	Completed.		Producing.		Proven.		Unproven.		Total.		Rigs up.	Aband.
	No.	Output.	Active.	Idle.	Active.	Idle.	Active.	Idle.				
July	6	3,070	899	217	50	20	7	42	57	62	3	6
June	4	840	901	217	53	18	6	44	59	62	1	1
Six mos. ago.....	5	810	876	224	54	14	7	45	61	59	6	1
Year ago	10	3,370	855	209	46	7	24	36	70	43	5	..
Kern River:												
July	2	90	1,470	409	8	..	1	1	9	1	3	..
June	3	200	1,529	347	8	..	1	1	9	1	1	8
Six mos. ago.....	4	50	1,653	229	7	2	2	2	9	4	..	..
Year ago.....	3	30	1,719	141	3	2	2	2	5	4	2	..
Maricopa:												
July	4	360	287	130	27	29	4	31	31	60	..	1
June	3	2,330	291	123	27	32	5	30	32	62	2	1
Six mos. ago.....	2	4,125	284	122	26	23	9	33	35	56	2	..
Year ago.....	5	325	290	103	13	23	10	34	23	57	2	..
Midway:												
July	22	13,350	898	141	89	67	4	22	93	89	14	..
June	29	9,595	853	161	107	62	7	19	114	81	11	3
Six mos. ago.....	18	7,585	707	246	101	61	6	23	107	84	15	4
Year ago.....	22	3,885	741	111	114	69	9	28	123	97	21	2

District Completions, Producing Wells, and Drilling Operations.—Continued.

	Drilling.												
	Completed.		Producing.		Proven.		Unproven.		Total.		Rigs up.	Aband.	
	No.	Output.	Active.	Idle.	Active.	Idle.	Active.	Idle.	Active.	Idle.			
McKittrick:													
July .....	..	....	255	31	6	1	..	19	6	20	..	..
June	1	50	254	31	4	1	..	19	4	20	1	..	
Six mos. ago.....	1	100	239	35	3	2	1	19	4	21	2	..	
Year Ago	1	80	244	24	5	1	4	20	9	21	..	..
Belridge:													
July	7	870	81	4	4	8	3	17	7	25	4	..	
June	3	290	78	4	7	13	3	15	10	28	3	..	
Six mos. ago.....	5	950	61	3	5	7	5	14	10	21	3	..	
Year ago.....	8	655	36	..	5	4	8	7	13	11	4	..	
Lost Hills:													
July	7	825	88	6	12	16	1	16	13	32	2	..	
June	5	1,370	83	6	15	16	..	16	15	32	3	..	
Six mos. ago.....	8	815	59	1	11	14	5	19	16	33	8	..	
Year ago.....	3	200	38	1	19	14	7	11	26	25	3	..	
Santa Maria:													
July	3	1,550	235	54	2	11	5	28	7	39	2	4	
June	3	235	246	45	6	11	5	28	11	39	..	1	
Six mos. ago.....	1	300	271	17	8	11	8	31	16	42	..	..
Year ago.....	1	275	232	49	16	18	4	17	20	35	1	2	

Fullerton:

July	3	700	322	28	17	2	1	1	18	3	1	..	..
June .....	..	....	323	27	20	2	1	1	21	3	..	..	..
Six mos. ago.....	..	....	330	15	26	2	1	1	27	3	..	..	..
Year ago.....	2	56	327	16	23	6	2	2	23	8	1	..	..
Salt Lake:													
July	3	420	287	24	6	2	..	..	6	2	..	..	..
June	2	225	287	22	9	1	..	..	9	1	..	..	..
Six mos. ago.....	1	150	290	13	10	2	..	..	10	2	..	..	..
Year ago.....	..	....	284	14	14	2	..	..	14	2	..	..	..
230	..	..	..	..	..	..	..	..	..	..	..	..	..

Whittier:

July	1	Dry	144	12	5	1	1	3	6	4	..	1	..
June	1	Dry	144	12	6	1	2	2	8	3	..	1	..
Six mos. ago.....	2	200	142	12	4	1	2	3	6	4	1	..	..
Year ago.....	..	....	143	10	6	1	1	4	7	5	..	..	..
Coyote:													
July	6	3,775	23	3	20	2	12	3	32	5	7	1	..
June	1	500	25	..	21	..	16	3	37	3	..	..	..
Six mos. ago.....	3	2,500	18	1	14	..	14	2	28	2	..	..	..
Year ago.....	1	600	10	..	16	..	10	3	26	3	1	..	..

Ventura:

July	1	10	327	32	10	7	19	26	29	33	3	1	..
June	2	60	329	28	10	7	18	27	28	34	4	..	..
Six mos. ago.....	3	275	316	26	12	7	17	22	29	29	1	..	..
Year ago.....	2	100	303	26	10	6	15	17	25	23	1	..	..

District Completions, Producing Wells, and Drilling Operations.—Continued.

	Drilling.										Rigs up. Aband.
	Completed.	Producing.		Proven.		Unproven.		Total.			
		No.	Output.	Active.	Idle.	Active.	Idle.	Active.	Idle.		
Newhall:											
July	79	4	..	..	1	4	1	4	..
June	79	4	..	..	1	4	1	4	..
Six mos. ago	79	4	..	..	3	2	3	2	..
Year ago	78	5	..	..	2	4	2	4	..
Los Angeles:											
July	412	..	..	..	..	..	..	..	..
June	412	..	..	..	..	..	..	..	..
Six mos. ago	412	..	..	..	..	..	..	..	..
Year ago	412	..	..	..	..	..	..	..	..
Summerland:											
July	125	25	..	..	..	..	..	..	..
June	125	25	..	..	..	..	..	..	..
Six mos. ago	125	25	..	..	..	..	..	..	..
Year ago	125	25	..	..	..	..	..	..	..
San Diego:											
July	15	11	15	11	..
June	19	3	19	3	..
Six mos. ago	18	7	18	7	2
Year ago	12	9	12	9	2

Completed and Producing Wells.

PRODUCERS TRANS. CO. VS. R. R. COM., CAL.

163

	Completed.				Producing.			
	Own.		Purchased.		Own.		Purchased.	
	No.	Output.	No.	Output.	Active.	Idle.	Active.	Idle.
Union Oil Co.:								
July	5	1,720	5	740	287	48	303	38
June .....	..	..	3	370	287	48	326	40
Six mos. ago.....	2	225	..	..	291	38	178	19
Year ago.....	..	..	4	1,575	281	42	172	17
Agency:								
July	5	575	..	..	739	269	..	..
June	4	525	..	..	741	267	..	..
Six mos. ago.....	2	220	..	..	624	260	..	..
Year ago.....	2	275	..	..	614	196	..	..
Union-Agency:								
July	10	2,295	5	740	1,026	317	303	38
June	4	525	3	370	1,028	315	326	40
Six mos. ago.....	4	445	..	..	915	298	178	19
Year ago.....	2	275	4	1,575	895	238	172	17
Gen. Pet. Co.:								
July	3	165	..	..	153	13	143	10
June	7	4,140	1	100	88	4	147	5
Six mos. ago.....	3	310	..	..	75	4	14	3
					Total.		Total.	
					Active.	Idle.	Active.	Idle.
					590	86	590	86
					613	88	613	88
					469	57	469	57
					453	59	453	59
					739	269	739	269
					741	267	741	267
					624	260	624	260
					614	196	614	196
					3,035	317	1,329	355
					895	315	1,354	355
					445	298	1,093	317
					1,850	238	1,067	255
					165	13	296	23
					4,240	4	235	9
					310	4	89	7

Completed and Producing Wells.—Continued.

	Completed.				Producing.			
	Own.		Purchased.		Own.		Purchased.	
	No.	Output.	No.	Output.	No.	Idle.	Active.	Idle.
Associated:								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Idle.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Total.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Idle.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Total.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Idle.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Total.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Idle.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Total.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Idle.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Total.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Idle.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
Total.								
July	2	200	11	1,130	13	1,330	450	83
June	5	325	6	725	11	1,050	418	84
Six mos. ago.....	2	3,475	15	2,195	17	5,670	471	10
Year ago.....	..	....	9	660	9	660	471	7
K. T. & O. Co.:								
July	3	1,090	1	100	4	1,190	460	80
June	5	1,495	..	....	5	1,495	455	80
Six mos. ago.....	6	150	..	....	6	150	468	48
Year ago.....	10	2,510	..	....	10	2,510	440	42
Amalgamated:								
July	3	510	1	10	4	520	201	22
June	1	500	2	225	3	725	203	19
Six mos. ago.....	1	1,500	1	150	2	1,650	209	9
Year ago.....	1	56	..	....	1	56	208	11
Standard:								
July	10	14,685	10	3,575	20	18,260	208	22
June	5	2,065	10	4,350	15	6,415	200	26
Six mos. ago.....	4	560	13	6,950	17	7,510	192	15
Year ago.....	5	820	18	2,760	23	3,580	173	11
Active.								
July	2	200	11	1,130	13	1,330	450	83

Santa Fe:

July	2	125	..	....	2	125	262	29	262	29
June	2	325	..	....	2	325	263	26	263	26
Six mos. ago.....	1	25	..	....	1	25	276	11	276	11
Year ago.....	2	50	..	....	2	50	271	13	271	13

Miscellaneous:

July .....	..	....	4	395	4	395	....	...	1,087	217
June .....	..	....	6	550	6	550	....	...	1,100	201
Six mos. ago.....	..	....	3	600	3	600	....	...	1,147	165
Year ago.....	..	....	7	870	7	870	....	...	1,164	170

Drilling Wells, New Rigs and Abandoned.

	Drilling.							
	Own.		Purchased.		Total.		New rigs up.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.	Own.	Purchased.
Union Oil Co.:								
July	21	21	17	4	38	25	3	1
June	24	20	23	8	47	28	1	1
Six mos. ago	20	18	16	7	36	25	1	4
Year ago	18	17	16	8	34	25	2	1
Agency:								
July	14	21	..	..	14	21	5	..
June	13	24	..	..	13	24	2	..
Six mos. ago	15	15	..	..	15	15	..	..
Year ago	10	19	..	..	10	19	1	..
Union-Agency:								
July	35	42	17	4	52	46	8	1
June	37	44	23	8	60	52	3	..
Six mos. ago	34	33	16	7	50	40	1	4
Year ago	28	36	16	8	44	44	3	1
Gen. Pet. Co.:								
July	8	14	..	2	8	16	1	..
June	8	6	..	2	8	8	2	..
Six mos. ago	13	2	1	..	14	2	2	2

Associated:

July	14	19	14	21	28	40	5	5	10	3
June	13	20	23	26	36	46	2	2	4	2
Six mos. ago	15	16	25	27	40	43	3	12	15	1
Year ago	8	16	28	18	36	34	..	5	5	2

K. T. & O. Co.:

July	37	3	2	..	39	3	1	..	1	6
June	34	3	2	..	36	3	1	..	1	..
Six mos. ago	41	1	1	..	42	1	2	..	2	..
Year ago	36	2	1	..	37	2	4	..	4	..

Amalgamated:

July	7	1	2	2	9	3	1	..	1	..
June	9	..	6	1	15	1	..	..	..	..
Six mos. ago	11	..	8	2	19	2	..	4	4	1
Year ago	10	2	11	3	21	5	..	..	..	..

Standard:

July	38	3	77	30	115	33	3	7	10	1
June	41	3	85	26	126	29	6	3	9	1
Six mos. ago	32	6	74	31	106	37	5	9	14	3
Year ago	37	7	80	25	117	32	3	15	18	..

Union-Agency.

Control of Production.

	July.		Daily average.			
	Union.	Agency.	Total.	July.	June.	Half 1913.
Valley:						
Coalinga	31,383	193,868	225,251	7,266	7,425	1911.
Kern .....	.....	135,692	135,692	4,377	4,353	1912.
Maricopa	26,333	66,014	92,347	2,979	2,819	7,735
Midway	188,531	448,444	636,975	20,548	20,667	4,077
McKittrick .....	.....	96,785	96,785	3,122	2,838	3,883
Lost Hills	12,168	.....	12,168	392	272	1,940
Total	258,415	940,803	1,199,218	38,684	38,374	15,835
Coast:						
Santa Maria	306,187	.....	306,187	9,877	10,410	8,825
Fullerton	221,475	.....	221,475	7,146	7,827	7,784
Salt Lake	7,388	.....	7,388	238	317	384
Whittier	9,200	.....	9,200	297	295	298
Coyote	21,344	.....	21,344	689	1,125	941
Ventura	19,862	.....	19,862	641	659	611
Total	585,456	.....	585,456	18,886	20,633	18,843
State Total	843,871	940,803	1,784,674	57,570	59,007	52,129
July Average	27,222	30,348	57,570	.....	.....	.....
June "	29,224	29,783	59,007	.....	.....	.....
Half 1913 "	24,803	27,326	52,129	.....	.....	.....
1912 Average	21,049	24,467	45,516	.....	.....	.....
From G. P. Co.	190,755	.....	190,755	6,153	2,360	1,155
Total Income	1,034,626	940,803	1,975,429	63,723	61,367	53,284
Daily Ave.	33,375	30,348	63,723	.....	.....	.....

Regular Field Runs and Receipts from Other Lines.

Valley:	July.			Total.	Daily average.				
	Union.	Agency.			July.	June.	Half 1913.	1912.	1911.
Coalinga	44,403	211,861		256,264	8,267	7,465	7,895	9,658	8,479
Kern .....	.....	157,242		157,242	5,072	3,246	4,074	4,099	4,709
Marcopa	26,703	62,814		89,517	2,888	4,308	3,209	2,742	7,014
Midway	188,531	472,644		661,175	21,328	20,732	15,451	11,179	5,857
McKittrick .....	.....	102,485		102,485	3,306	3,328	3,083	3,526	3,195
Lost Hills	12,468	.....		12,468	402	221	251	412	.....
Total	272,105	1,007,046		1,279,151	41,263	39,300	33,963	31,616	29,254
Coast:									
Santa Maria	304,453	.....		304,453	9,821	10,253	8,813	9,432	10,593
Fullerton	218,402	.....		218,402	7,045	7,867	7,792	6,975	8,985
Salt Lake	7,388	.....		7,388	238	317	384	325	516
Whittier	9,528	.....		9,528	308	291	298	287	250
Coyote	28,184	.....		28,184	909	789	884	30	.....
Ventura	19,778	.....		19,778	638	637	628	670	604
Total	587,733	.....		587,733	18,959	20,154	18,799	17,719	20,948
Regular Runs	859,838	1,007,046		1,866,884	60,222	59,454	52,762	49,335	50,202
Received from G. P. Co. San Pedro	"	"		121,709	3,926	.....	.....	.....	.....
" " "Valley"	"	"		69,046	2,227	2,360	1,155	.....	.....
Total Receipts				2,057,639	66,375	61,814	53,917	49,335	50,202

Union-Agency.

Pipe Line Shipments.

Valley:	Cars.	Fuel used & sold.	Total.	Daily average.			
				July.	June.	Half 1913.	1912.
Coalinga	2,396	765	3,161	102	196	286	53
Kern Ref.	2,971	246	134,989	4,354	3,120	4,166	....
Maricopa	4,998	798	5,796	187	390	333	437
Midway .....	.....	1,006	1,006	32	30	30	14
McKittrick .....	.....	2,249	2,249	73	63	47	....
Avila .....	.....	17,882	891,058	28,744	30,427	27,739	26,953
Total	10,365	22,946	1,038,259	33,492	34,226	32,601	27,457
Coast:							
Santa Maria .....	.....	.....	281,578	9,083	7,303	7,151	9,106
Ventura	17,660	.....	28,087	906	332	473	652
Los Angeles .....	.....	.....	419,319	13,527	10,161	9,367	7,842
Total	17,660	.....	728,984	23,516	17,796	16,991	17,600
State Total:							
July	28,025	22,946	1,767,243	57,008	52,022	49,592	45,057
Delivered to Associated	.....	.....	47,100	1,519	571	942	3,665
Delivered to General	.....	.....	.....	.....	.....	.....	.....
Pet. Co. ....	.....	.....	.....	.....	.....	565	.....
Losses Line .....	.....	.....	48,099	1,551	728	1,326	1,446
Line Outgo	28,025	22,946	1,862,442	60,078	53,321	52,425	50,168
Field Losses .....	.....	.....	11,513	371	98	151	352
Grand Total Outgo...	28,025	22,946	1,873,955	60,450	53,419	52,576	50,520

Stocks August 1st, 1913.

Valley:	At the wells.			P. T. Co. pipe line.	Grand total.		Difference.
	Union.	Agency.	Total.		August 1st.	July 1st.	
Coalinga	8,580	40,959	49,539	379,934	429,473	410,873	Inc. 18,600
Kern .....	.....	38,450	38,450	789,106	827,556	892,719	Dec. 65,163
Maricopa	11,750	30,300	42,050	209,685	251,735	259,495	" 7,760
Midway	42,100	171,300	213,400	1,173,861	1,387,261	1,398,143	" 10,882
McKittrick .....	.....	30,400	30,400	464,021	494,421	496,938	" 2,517
Lost Hills	200	.....	200	.....	200	2,000	" 1,800
Other Points .....	.....	.....	.....	5,778,616	5,778,616	5,529,854	Inc. 248,762
Total	62,630	311,409	374,039	8,795,223	9,169,262	8,990,022	Inc. 179,240
Coast:							
Santa Maria	46,008	.....	46,008	317,686	363,694	394,317	Dec. 30,623
Ventura	6,838	.....	6,838	52,108	58,946	67,288	" 8,342
Los Angeles	33,664	.....	33,664	125,771	159,435	198,236	" 38,801
Total	86,510	.....	86,510	495,565	582,075	659,841	Dec. 77,766
State total:							
August 1st	149,140	311,409	460,549	9,290,788	9,751,337	9,649,863	Inc. 101,474
July 1st	170,067	384,205	554,272	9,095,591	9,649,863	.....	.....
Difference	20,927	72,796	93,723	195,197	101,474	.....	.....

<i>Surplus.</i>		Daily Average.						
		1912.	Half 1913.	June.	July.	Increase.	Decrease.	
Production	1911.							
Runs from Wells...	47,755	45,516	53,262	60,946	57,570	....	3,376	
Loss: Evap., etc.....	50,202	49,335	53,917	61,814	60,222	....	1,592	
	.....	387	151	98	371	273	....
Field Reduced	2,447	4,206	806	966	3,023	2,057	....
Receipts	50,202	49,335	53,917	61,814	66,375	4,561	....
Pipe Line Shipments.	37,645	48,722	51,099	52,593	58,527	5,934	....
Pipe Line Losses.....	.....	1,411	1,326	728	1,551	823	....
Lines Tanked.	12,557	798	1,492	8,493	6,297	....	2,196	
Red.								
Surplus	10,110	5,004	686	7,527	3,273	....	4,254	
Short.								

Union Agency.
Field Operations.

By—	Completed.				Producing.			
	Own.		Purchased.		Own.		Purchased.	
	No.	Output.	No.	Output.	Active.	Idle.	Active.	Idle.
Union	5	1,720	5	740	287	48	303	38
Agency	5	575	..	..	739	269	..	..
July	10	2,295	5	740	1,026	317	303	38
June	4	525	3	370	1,028	315	326	40
Difference	6	1,770	2	370	2	2	23	2
								25

By—	Drilling.				Rigs up.			
	Own.		Purchased.		Own.		Purchased.	
	Active	Idle.	Active.	Idle.	Active.	Idle.	Active.	Idle.
Union	21	21	17	4	3	25	1	4
Agency	14	21	..	..	5	21	..	5
July	35	42	17	4	8	46	1	9
June	37	44	23	38	4	52	..	4
Difference	2	2	6	4	4	6	1	5
								7

Union Oil Company.
Control of Production.

	July.			Daily average.				
	Own.	Purchased.	Total.	July.	June.	Half 1913.	1912.	1911
Valley:								
Coalinga	30,072	1,311	31,383	1,012	981	1,201	1,435	476
Kern .....	.....	.....	.....	.....	.....	.....	71	503
Maricopa	17,168	9,165	26,333	850	737	893	1,128	2,015
Midway	83,607	104,924	188,531	6,082	6,601	3,607	363	135
Lost Hills .....	.....	12,168	12,168	392	272	259	415	.....
Total	130,847	127,568	258,415	8,336	8,591	5,960	3,412	3,129
Coast:								
Santa Maria	220,931	85,256	306,187	9,877	10,410	8,824	9,314	10,280
Fullerton	80,687	140,788	221,475	7,146	7,827	7,784	6,981	9,003
Salt Lake	6,997	391	7,388	238	317	384	325	516
Whittier	110	9,090	9,200	297	295	298	291	251
Coyote	18,041	3,363	21,344	689	1,125	941	49	.....
Ventura	15,853	4,009	19,862	641	659	611	678	647
Total	342,619	242,837	585,456	18,886	20,633	18,842	17,637	20,697
State Total	473,466	370,405	843,871	27,222	29,224	24,802	21,049	23,826
July Average	15,273	11,949	27,222	.....	.....	.....	.....	.....
June Average	15,663	13,561	29,224	.....	.....	.....	.....	.....
Half 1913 Average	14,211	10,591	24,802	.....	.....	.....	.....	.....
1912 Average	13,362	7,687	21,049	.....	.....	.....	.....	.....

Runs From Field.

Valley:	July.			Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.	1911.
Coalinga	42,592	1,811	44,403	1,433	1,021	1,138	1,458
Kern .....	.....	.....	.....	.....	.....	.....	58
Maricopa	17,488	9,215	26,703	861	2,127	1,857	1,950
Midway	83,407	105,124	188,531	6,082	6,368	3,496	358
Lost Hills .....	.....	12,468	12,468	402	222	251	412
Total	143,487	128,618	272,105	8,778	9,738	6,742	4,236
Coast:							
Santa Maria	220,381	84,072	304,453	9,821	10,253	8,813	9,433
Fullerton	77,614	140,788	218,402	7,045	7,867	7,792	6,975
Salt Lake	6,997	391	7,388	238	317	384	325
Whittier	438	9,090	9,528	308	291	298	287
Coyote	24,881	3,303	28,184	909	789	884	30
Ventura	15,769	4,009	19,778	638	637	628	670
Total	346,080	241,653	587,733	18,959	20,154	18,799	17,720
State Total	489,567	370,271	859,838	27,737	29,892	25,541	21,956
Received from G. P. Co. at San Pedro .....	.....	.....	121,709	3,926	.....	.....	.....
" " Belridge-Lost Hills .....	.....	.....	69,046	2,227	2,359	1,155	.....
Grand Total Receipts	489,567	561,026	1,050,593	33,890	32,251	26,696	21,956
							28,150

Union Oil Company.

Stocks August 1st, 1913.

178

PRODUCERS TRANS. CO. VS. R. R. COM., CAL.

Valley:	At the wells.		Pipe line.	Grand total.		
	Own.	Purchased.		August 1st.	July 1st.	Difference.
Coalinga	8,080	500	.....	8,580	21,600	Dec. 13,020
Maricopa	11,300	450	.....	11,750	12,120	" 370
Midway	7,600	34,500	.....	42,100	42,100	.....
Lost Hills .....	.....	200	.....	200	2,000	Dec. 1,800
August 1st	26,980	35,650	.....	62,630	77,820	Dec. 15,190
July 1st	38,420	39,400	.....	77,820	.....	.....
Difference ..	11,440	3,750	.....	15,190	.....	.....
Coast:						
Santa Maria	31,924	14,084	317,686	363,694	394,317	Dec. 30,623
Fullerton	16,243	4,890	.....	21,133	18,060	Inc. 3,073
Salt Lake	500	.....	.....	500	500	.....
Whittier	1,464	.....	.....	1,464	1,792	Dec. 328
Coyote	10,567	.....	.....	10,567	17,567	" 7,000
Ventura	3,612	3,226	52,108	58,946	67,288	" 8,342
Los Angeles .....	.....	.....	125,771	125,771	160,317	" 34,546
August 1st	64,310	22,200	495,565	582,075	659,841	Dec. 77,766
July 1st	67,931	24,316	567,594	659,841	.....	.....
Difference ..	3,621	2,116	72,029	77,766	.....	.....

State Total.			
August 1st	91,290	57,850	149,140
July 1st	106,351	63,716	170,067
Difference ..	15,061	5,866	20,927
			72,029
			92,956
			737,661
			737,661
			Dec. 92,956
Shortage.			
Daily Average.			
	1911.	1912.	Half 1913.
Production	23,826	21,049	25,936
Runs to Self	21,862	18,069	18,956
Runs to P. T. Co.	6,288	3,887	7,740
Loss—Evap. Etc. ....	.....	2	9
Field Reduced	4,324	909	769
Receipts	21,863	18,069	18,956
Shipments	22,363	18,104	18,580
Loss—Evap. Etc. ....	.....	43	23
Line Tanked	Red. 500	Red. 78	353
Shortage	Surp. 1,463	987	416
			1,086
			2,999
			1,913
			2,272
			5,012
			2,628
			22,997
			25,303
			18
			109
			989
			3,525
			3,941
			464

238

Union Oil Company.

Operations of Los Angeles Pipe Line.

Stocks.

At—	July 1st.	August 1st.	Increase.	Decrease.
Los Angeles	160,317	125,771	.....	34,546

Receipts.

From—	June.	July.	Increase.	Decrease.
Fullerton	236,029	218,402	.....	17,627
Salt Lake	9,507	7,388	.....	2,119
Whittier	8,728	9,528	800	.....
Coyote	23,674	28,184	4,510	.....
Total	277,938	263,502	.....	14,436
From G. P. Co. ....	.....	121,709	121,709	.....
Total Receipts ...	277,938	385,211	107,273	.....

Shipments.

	June.	July.	Increase.	Decrease.
Local	294,667	261,612	.....	33,055
Boats	10,172	157,707	147,535	.....
Total	304,839	419,319	114,480	.....
Plus Boat Receipts .....	.....	.....	.....	.....
Total Distributed..	304,839	419,319	114,480	.....
Water Drawn	572	438	.....	134

Operations of Ventura Pipe Line.

Stocks.

At—	July 1st.	August 1st.	Increase.	Decrease.
Ventura	60,534	52,108	.....	8,426

Receipts.

From—	June.	July.	Increase.	Decrease.
Field	19,104	19,778	674	.....

Shipments.

To—	June.	July.	Increase.	Decrease.
Boats .....	.....	10,427	10,427	.....
Consumers	9,955	17,660	7,705	.....
Total	<u>9,955</u>	<u>28,087</u>	<u>18,132</u>	<u>.....</u>
Water Drawn	200	117	.....	83

Union Oil Company.
Field Operations.

182

PRODUCERS TRANS. CO. VS. R. R. COM., CAL.

	Completed.				Producing.							
	Own.		Purchased.		Total.		Own.		Purchased.		Total.	
	No.	Output.	No.	Output.	No.	Output.	Active.	Idle.	Active.	Idle.	Active.	Idle.
Valley:												
Coalinga .....	..	....	..	....	..	....	....	..	29	2	29	2
Maricopa	2	240	..	....	2	240	39	15	1	1	40	16
Midway .....	..	....	..	....	..	....	5	6	66	4	71	10
Lost Hills .....	..	....	1	60	1	60	....	..	3	..	3	..
Total	2	240	1	60	3	300	44	21	99	7	143	28
Coast:												
Santa Maria	2	1,450	..	....	2	1,450	108	15	14	4	122	19
Fullerton .....	..	....	2	600	2	600	33	5	109	13	142	18
Salt Lake .....	..	....	..	....	..	....	5	3	1	..	6	3
Whittier .....	..	....	..	....	..	....	4	2	17	4	21	6
Coyote	1	30	1	70	2	100	4	1	1	..	5	1
Ventura .....	..	....	1	10	1	10	89	1	62	10	151	11
Total	3	1,480	4	680	7	2,160	243	27	204	31	447	58
State Total:												
July	5	1,720	5	740	10	2,460	287	48	303	38	590	86
June .....	..	....	3	370	3	370	287	48	326	40	613	88
Difference	5	1,720	2	370	7	2,090	....	..	23	2	23	2

Valley:	Drilling.						New rigs up.		Abandoned.	
	Own.		Purchased.		Total.		Own.	Purchased.		Total.
	Active.	Idle.	Active.	Idle.	Active.	Idle.				
Coalinga .....	..	..	1	..	1	..	..	..	..
Maricopa	6	7	1	..	7	7	..	..	..
Midway	5	10	3	..	8	10	1	..	1	
Lost Hills .....	..	..	..	..	..	..	..	..	..
Total	11	17	5	..	16	17	1	..	1	
Coast:										
Santa Maria .....	..	..	1	1	1	1	..	..	..
Fullerton	2	2	9	..	11	2	..	1	1	
Salt Lake .....	..	..	..	1	..	..	..	..	..
Whittier .....	..	..	1	..	1	1	..	..	..
Coyote.....	7	2	..	2	7	2	2	..	2	
Ventura	1	..	1	2	2	2	..	..	1
Total	10	4	12	4	22	8	2	1	3	
State Total:										
July	21	21	17	4	38	25	3	1	4	
June	24	20	23	8	47	28	2	..	2	
Difference	3	1	6	4	9	3	1	1	2	

240

Union Oil Company.

Receipts.

Coalinga:	July.	Gravity.
Canadian Coalinga	1,811	26.0
Claremont Oil Co.	8,778	14.5
Union (Iredell)	33,814	14.0
Total	44,403	
Maricopa:		
J. B. & B.	2,978 By Cars ..	13.3
Webster	3,464 to P. T. Co.	14.9
Sage	3,754 " " " "	16.7
International	500 Fuel	15.0
Lakeview Sec. 25	3,756 to P. T. Co.	20.0
" " 34	3,036 " " " "	26.4
	17,488	
Purchased:		
Obispo Oil Co.	9,215	25.9
Total	26,703	
Midway:		
Own Property	875	25.0
" "	3,497	24.0
" "	79,035	27.0
	83,407	
Purchased:		
Section 2 Syndicate	15,471	27.0
Mascot	39,000	14.4
D. L. Peters (Midway Five)	6,354	23.0
Pinal-Dome	11,616	18.6
Cala. Counties	13,730	26.3
Pierpoint	18,953	14.1
	105,124	
Total	188,531	
Lost Hills:		
Purchased:		
Dudley & Dudley	12,468	33.6

Santa Maria:		July.	Gravity.
Own Property	.....	779	17.0
"	"	38,951	17.5
"	"	11,099	19.0
"	"	81,262	20.0
"	"	3,502	22.0
"	"	28,287	22.5
"	"	9,251	23.5
"	"	17,022	24.0
Santa Maria O. & G. Co.	.....	26,177	20.5
Santa Maria Oil Co.	.....	4,051	24.0
		<hr/>	
		220,381	
Purchased:			
Pacific Oilfields	.....	1,711	19.0
Orcutt Oil Co.	.....	8,475	20.0
Brookshire Oil Co.	.....	6,907	22.5
Pinal-Dome Oil Co.	.....	22,440	15.0
"	"	529	16.5
"	"	17,287	18.0
"	"	13,933	25.5
Palmer-Union	.....	12,790	13.5
		<hr/>	
		84,072	
Total		<hr/>	
		304,453	

241

Fullerton:			
Own Property	.....	77,614	18.5
Purchased:			
Columbia Oil Prod. Co.	.....	35,623	19.5
" (Orange)	.....	42,316	22.0
Olinda Land	.....	9,018	15.0
Birch Oil Co.	.....	46,162	22.0
West Coast	.....	7,669	19.0
		<hr/>	
		140,788	
Total		<hr/>	
		218,402	

Salt Lake:			
Own Property (Garbutt)	.....	6,997	15.0

Purchased:	July.	Gravity.
Stephens Lease	391	18.0
Total	7,388	
Whittier:		
Own Property	438	17.5
Purchased:		
Canadian Pacific	9,090	19.0
Total	9,528	
Coyote:		
Own Property	24,881	20.0
Purchased:		
Dorsey Oil Co.	3,303	20.0
Total	28,184	
Ventura:		
Own Property	15,769	27.0
Purchased:		
Forest City National	218	27.0
Pyramid Oil Co.	1,170	17.5
Salt Marsh Canyon	164	25.0
E. E. Henderson	462	27.0
Shell Petroleum	199	24.0
Big Sespee (W. & B.)	724	21.0
South Pacific	441	25.0
Cosmopolitan	307	35.0
Bardsdale Crude	324	24.0
	4,009	
Total	19,778	

242

Union Oil Company.

Vessel Shipments From Port Harford.

July.	Vessel.	Destination.	Fuel oil.
4	Roma	Oleum	27,559.76
4	Whittier	"	190.00
5	E. M. Phelps	"	29,166.97
6	Trinculor	Vancouver	50,170.46
6	Fullerton	Crockett	16,410.69
7	J. A. Chanslor	Everett	48,941.65
7	Whittier	Oleum	10,101.46
9	Oleum	Seattle	27,727.62
9	Santa Paula	Bay	7,723.06
9	Washtenaw	Vancouver	26,802.18
10	Lansing	Panama	46,018.56
10	Whittier	Oleum	10,386.97
12	E. M. Phelps	Honolulu	26,964.89
12	Roma	Portland	25,614.98
13	Catania	Seattle	20,058.21
13	Whittier	Oleum	180.00
13	Fullerton	"	16,519.73
14	Argyle	Seattle	20,835.43
15	W. F. Herrin	Portland	41,749.25
15	Santa Paula	Bay	7,923.71
16	Whittier	Oleum	10,139.22
17	Fullerton	Bay	16,128.94
20	Oleum	Oleum	31,303.09
20	Washtenaw	Seattle	27,103.63
22	Santa Maria	Panama	53,219.96
22	Whittier	Oleum	90.00
22	Roma	Port Moody	25,407.97
22	Fullerton	Oleum	16,191.30
23	Pectan	Chile	73,738.55
23	J. A. Chanslor	Honolulu	48,401.00
23	Santa Paula	Bay	7,926.13
24	Castania	Portland	19,577.00
24	Santa Rita	Honolulu	50,782.54
25	Trinculor	Vancouver	50,402.97
27	Argyle	Portland	17,294.76
27	Santa Paula	Bay	7,863.87
27	Fullerton	Crockett	16,488.20
29	Whittier	Oleum	10,300.26
29	Oleum	Seattle	27,301.60
30	Washtenaw	Vancouver	26,556.01
31	Santa Paula	Bay	7,842.11
31	Fullerton	Oleum	16,093.35
31	Whittier	"	10,096.39
	Local Sales		2,943.00
Total			1,034,237.43

243

Union Oil Company.

Comparative Summary of Shipments From Port Harford.

To—	June.	July.	Increase.	Decrease.
Bay	117,198	58,351	.....	58,847
Oleum	229,544	188,318	.....	41,226
Seattle	98,604	123,026	24,422	.....
Portland	113,709	104,236	.....	9,473
Panama	99,163	99,239	76	.....
Vancouver	127,779	153,932	26,153	.....
Chile	122,538	73,738	.....	48,800
Tacoma	44,639	.....	.....	44,639
Honolulu	98,977	126,148	27,171	.....
Crockett	7,858	32,899	25,041	.....
Everett	49,255	48,942	.....	313
Bellingham	24,320	.....	.....	24,320
Port Moody	25,270	25,408	138	.....
Total	1,158,854	1,034,237	.....	124,617
Daily Average	38,628	33,362	.....	5,266

Vessel Shipments From Oleum.

July.	Vessel.	Destination.	Fuel oil.
3	E. M. Phelps ...	San Luis	248.31
3	Santa Paula	Eureka	7,895.27
9	Argyle	San Diego	2,933.90
10	Fullerton	Bay	10,965.26
12	Santa Paula	"	5,161.50
13	" "	"	6,855.55
18	" "	"	7,931.51
26	Fullerton	"	10,889.00
Total .....	.....	.....	52,880.30

Summary of Shipments From Oleum.

To—	June.	July.	Increase.	Decrease.
Bay	14,306	41,803	27,497	.....
San Pedro	2,534	.....	.....	2,534
Eureka	9,365	7,895	.....	1,470
San Luis .....	.....	248	248	.....
San Diego .....	.....	2,934	2,934	.....
Total	26,205	52,880	26,675	.....
Daily Average	873	1,706	833	.....

244

Union Oil Company.

Vessel Shipments From San Pedro; Own Docks.

July.	Vessel.	Destination.	Fuel oil.
1	Whittier	San Diego	10,190.54
11	Argyle	" "	18,201.61
26	Whittier	" "	7,605.59
Total			35,997.74

Summary of Shipments From San Pedro; Own Docks.

To—	June.	July.	Increase.	Decrease.
San Diego	10,172	35,998	25,826	.....

Vessel Shipments From San Pedro; Gen'l Pet. Docks.

July.	Vessel.	Destination.	Fuel oil.
10	Cordelia	Chile	67,364.91
14	Oberon	"	51,854.62
26	Whittier	San Diego	2,488.89
Total			121,708.42

Summary of Shipments From San Pedro; Gen'l Pet. Docks.

To—	June.	July.	Increase.	Decrease.
Chile	119,219	119,219	.....
San Diego	2,489	2,489	.....
Total	121,708	121,708	.....
Daily Average	3,926	3,926	.....

Vessel Shipments From Ventura.

July.	Vessel.	Destination.	Fuel oil.
20	Whittier	San Luis	10,427.13

Summary of Shipments From Ventura.

To—	June.	July.	Increase.	Decrease.
San Luis	10,427	10,427	.....

Summary of All Vessel Shipments.

To—	June.	July.	Increase.	Decrease.
Oleum	229,544	188,318	.....	41,226
Bay	131,504	100,154	.....	31,350
San Diego	10,172	41,421	31,249	.....
Portland	113,709	104,236	.....	9,473
Seattle	98,604	123,026	24,422	.....
Panama	99,163	99,239	76	.....
Vancouver	127,779	153,932	26,153	.....
Chile	122,538	192,957	70,419	.....
Tacoma	44,639	.....	.....	44,639
Honolulu	98,977	126,148	27,171	.....
Crockett	7,858	32,899	25,041	.....
Everett	49,255	48,942	.....	313
Bellingham	24,320	.....	.....	24,320
Port Moody	25,270	25,408	138	.....
San Pedro	2,534	.....	.....	2,534
Eureka	9,365	7,895	.....	1,470
San Luis .....	.....	248	248	.....
Total	1,195,231	1,244,823	49,592	.....
Daily Average	39,841	40,156	315	.....

(Here follows pasteur table marked page 245.)

Agency Summary.

Control of Production.

District.	June.	Daily ave.	July.	Daily ave.	Daily average.			
					Difference.	Half 1913.	1912.	1911.
Coalinga	193,331	6,444	193,868	6,254	Dec. 190	6,534	7,968	7,547
Kern	130,570	4,353	135,692	4,377	Inc. 24	4,077	3,812	4,199
Maricopa	62,463	2,082	66,014	2,129	" 47	1,374	812	1,044
Midway	*421,973	14,066	*448,444	14,466	" 400	12,229	8,578	7,580
McKittrick	85,143	2,838	96,785	3,122	" 284	3,112	3,297	3,421
Total	893,480	29,783	940,803	30,348	Inc. 565	27,326	24,467	23,791
*American	257,330	8,578	260,972	8,418				

Runs to P. T. Co.

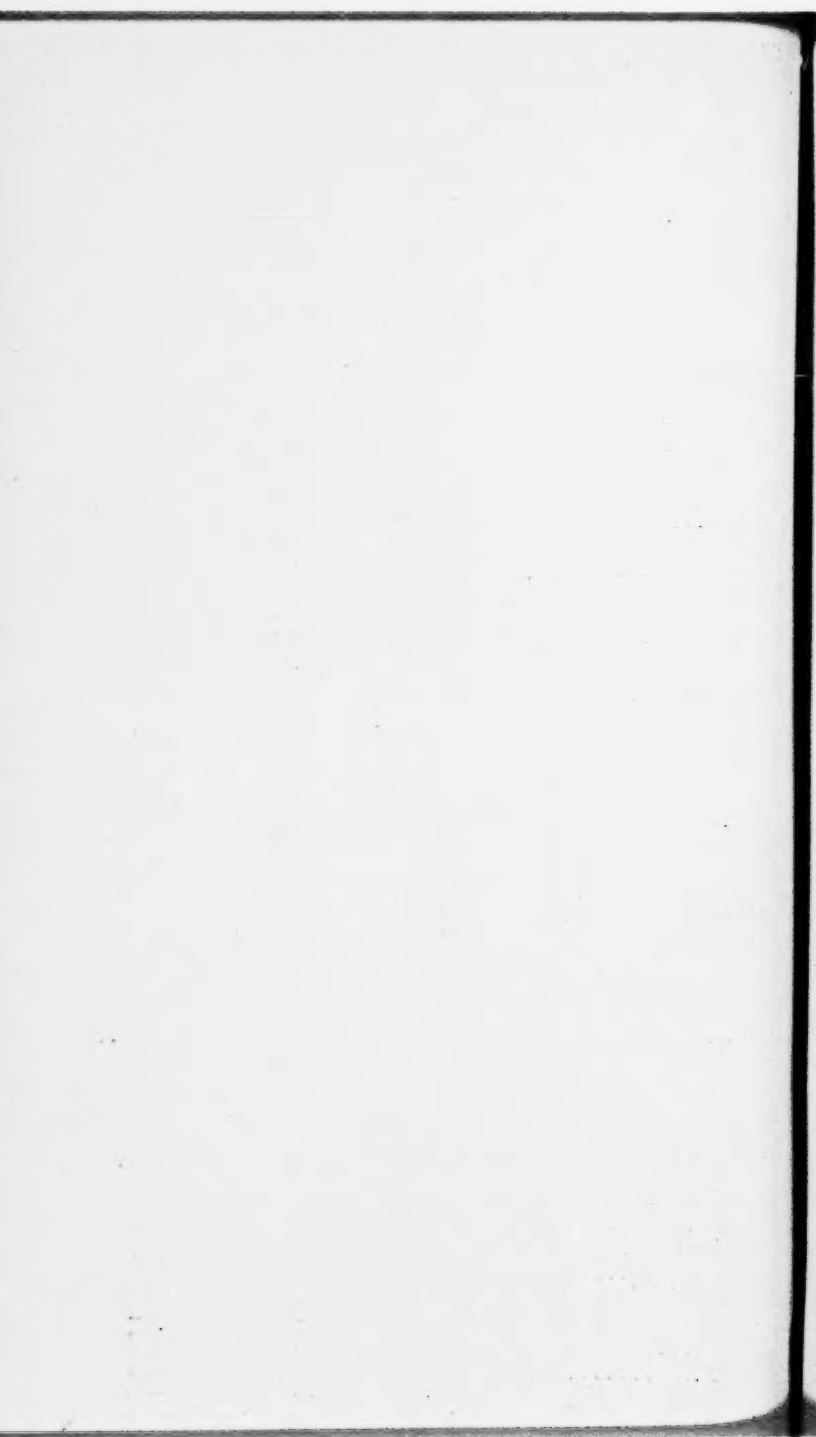
District.	June.	Daily ave.	July.	Daily ave.	Daily average.			
					Difference.	Half 1913.	1912.	1911.
Coalinga	193,317	6,444	211,861	6,834	Inc. 390	6,756	8,199	8,029
Kern	97,370	3,246	157,242	5,072	" 1,826	4,074	4,042	4,201
Maricopa	65,463	2,182	62,814	2,026	Dec. 156	1,352	792	932
Midway	*430,923	14,364	*472,644	15,247	Inc. 883	11,955	10,821	5,724
McKittrick	99,843	3,328	102,485	3,306	Dec. 22	3,083	3,525	3,195
Total	886,916	29,564	1,007,046	32,485	Inc. 2,921	27,220	27,379	22,081
*American	243,130	8,104	280,372	9,044				

July Daily Average and Stocks.

District.	Daily average.		Daily stocks.		Well stocks.		Difference.	Loss account.
	Production.	Runs.	Increase.	Decrease.	August 1st.	July 1st.		
Coalinga	6,254	6,834	.....	591	40,959	59,280	Dec. 18,321	328
Kern	4,377	5,072	.....	695	38,450	60,000	" 21,550	.....
Maricopa	2,129	2,026	.....	98	30,300	33,325	" 3,025	6,225
Midway	14,466	15,247	.....	780	*171,300	*195,500	" 24,200	.....
McKittrick	3,122	3,306	.....	184	30,400	36,100	" 5,700	.....
Total	30,348	32,485	.....	2,348	311,409	384,205	Dec. 72,796	6,553
*American .....	.....	.....	.....	.....	113,800	133,200		

Field Operations.

District.	Completed.		Producing.		Drilling.		Rigs up.	Abandoned.
	Number.	Output.	Active.	Idle.	Active.	Idle.		
Coalinga .....	..	..	188	88	3	10	1	..
Kern	1	50	267	135	1	..	1	..
Maricopa .....	..	..	47	18	4	4	..	1
Midway	4	525	163	21	3	6	3	..
McKittrick .....	..	..	74	7	3	1	..	..
July	5	575	739	269	14	21	5	1
June	4	525	741	267	13	24	2	9
Difference	1	50	2	2	1	3	3	8



Coalinga District.

Coalagna:	July 1st.	Production.	Gravity.	P. T. Co.	Runs.	Runs.	August. 1st.
Amity Oil Co.....	150	2,534	15.0	....	2,534	2,534	150
Amy Oil Co.....	2,300	767	14.5	1,867	....	1,867	1,200
Arizona Pet. Co.....	1,300	3,424	13.2	3,124	....	3,124	1,600
B. & B. Oil Co.....	20,300	9,599	16.6	26,399	....	26,399	3,500
British Consol. Oil.....	1,554	8,518	15.2	6,874	....	6,874	3,198
Billingslea & Umburn...	....	....	18.5	....	....	....	....
Call Oil Co.....	400	2,512	18.7	2,712	....	2,712	200
Coalinga Pet. Co.....	2,000	1,803	13.5	2,803	....	2,803	1,000
" No. Pole.....	100	435	26.0	....	460	460	75
" National.....	....	....	14.5	....	....	....	....
" Homestake.....	1,000	1,201	13.3	1,001	....	1,001	1,200
" Unity.....	700	....	13.0	....	....	....	700
" Security.....	....	....	16.2	....	....	....	....
" Centra!.....	1,800	....	13.0	1,272	....	1,272	#200
Confidence Oil Co.....	600	1,521	16.6	1,621	....	1,621	500
Crene Pet. Co.....	1,000	....	14.9	....	....	....	1,000
De Luxe Oil Co.....	1,100	500	14.5	....	....	....	1,600
Empire Oil Co.....	1,030	1,175	18.5	....	1,305	1,305	900
Esperanza O. & G. Co....	3,346	11,016	16.8	10,816	....	10,816	3,546
Hawkeye Oil Co.....	....	....	13.0	....	....	....	....
Mercantile Oil Co.....	500	5,153	14.8	5,303	....	5,303	350
Nevada Pet. Co.....	6,100	75,198	16.0	77,398	....	77,398	3,900
New San Fran.....	200	1,721	17.0	1,821	....	1,821	100
Ozark Oil Co.....	800	3,602	13.6	3,202	....	3,202	1,200
Pacific States.....	....	940	26.0	....	900	900	40

Analysis of Agency Production and Runs.—Continued.

	July 1st.	Production.	Gravity.	P. T. Co.	Runs.	Runs.	August, 1st.
Pilot Oil Co.....	100	3,270	13.6	3,270	....	3,270	100
Premier Oil Co.....	2,100	9,652	15.0	10,252	....	10,252	1,500
C. M. Hazard (Queen) ..	1,000	1,052	12.5	852	....	852	1,200
Republic Oil Co.....	1,500	....	18.5	....	....	....	....
St. Paul Consd.....	500	6,091	13.0	6,091	....	6,091	1,500
Seneca Oil Co.....	500	2,151	13.0	2,051	....	2,051	600
Shawmut Oil Co.....	500	5,113	17.0	4,613	....	4,613	1,000
Silver Tip Oil Co.....	900	5,210	26.0	1,132	3,778	4,910	1,200
Strong Oil Co.....	1,400	....	13.0	....	....	....	1,400
S. W. & B. Oil Co.....	300	2,009	16.5	2,109	....	2,109	200
Spinks Crude Oil Co....	100	5,389	13.2	4,289	....	4,289	1,200
Traders Oil Co.....	3,500	19,968	14.5	19,968	....	19,968	3,500
United Dev. Co.....	200	3,173	14.5	2,973	....	2,973	400
Ward Oil Co.....	400	6,268	13.5	6,468	....	6,468	200
York Coalings.....	500	1,580	17.0	1,580	....	1,580	500
Marion Oil Co.....	....	300	15.0	....	....	....	300
Total	59,280	202,845	....	211,861	8,977	220,838	40,959
	8,977						

Loss 328.

193,868 Net Control

Kern River District.

Kern River:		Stocks July 1st.	Net Production.	Gravity.	Runs to P. T. Co.	Commercial Runs.	Total Runs.	Stocks August 1st.
Acne Dev. Co.	.....	100	1,549	12.5	1,349	....	1,349	300
American Crude	.....	3,500	3,761	13.6	6,461	....	6,461	800
F. C. Berry (E. P. T.)	....	200	1,574	12.6	1,424	....	1,424	350
Boston Pet. Co.	.....	200	3,484	13.3	3,584	....	3,584	100
Calloma Oil Co.	.....	1,000	1,596	13.6	1,722	574	2,296	300
Calloma Ext.	.....	200	5,558	13.3	4,169	1,389	5,558	200
Del Rey Oil Co. #1	.....	4,000	4,583	13.1	5,383	....	5,383	3,200
" " #2	.....	700	1,516	13.1	1,016	....	1,016	1,200
Eastern Consd.	.....	200	....	13.7	....	....	....	200
East Puente	.....	2,000	5,610	13.5	7,210	....	7,210	400
Eldorado Oil Co.	.....	100	3,146	13.6	2,746	....	2,746	500
Frank Evans (Potomac)	....	200	1,647	13.8	1,747	....	1,747	100
Fox & Garrett	.....	300	3,375	13.0	3,375	....	3,375	300
Homer Oil Co.	.....	1,000	4,657	13.0	5,357	....	5,357	300
Illinois Crude	.....	1,300	1,868	14.6	2,768	....	2,768	400
Jewell Oil Co.	.....	500	....	12.6	....	....	....	500
Junction Oil Co.	.....	1,700	4,017	13.0	4,717	....	4,717	1,000
Kern Four	.....	2,000	8,085	13.9	8,585	....	8,585	1,500
Knob Hill	.....	1,000	10,753	14.9	7,836	2,617	10,453	1,300
Loscomb & Bridge	.....	3,000	4,934	14.6	3,814	2,320	6,134	1,800
Los Angeles—Kern	.....	800	2,328	12.9	2,828	....	2,828	300
May Oil Co.	.....	1,000	4,436	12.0	5,336	....	5,336	100
Mecca Oil Co.	.....	5,000	5,526	13.9	6,826	....	6,826	3,700
Mecca #2	.....	300	3,168	13.0	1,709	1,359	3,058	400

PRODUCERS TRANS. CO. VS. R. R. COM., CAL.

193

Analysis of Agency Production and Runs.—Continued.

	Stocks July 1st.	Net Production.	Gravity.	Reins to P. T. Co.	Commercial Runs.	Total Runs.	Stocks August 1st.
Melwood Pet. Co.....	1,500	528	12.9	928	400	1,328	700
M. C. Parker.....	3,000	2,282	13.5	3,182	....	3,182	2,100
M. P. a/c Genl. Belgian...	1,000	2,149	12.8	2,549	....	2,549	600
Nevada County.....	4,500	6,186	14.3	7,886	....	7,886	2,800
Ojai Valley Pet. Co.....	1,600	975	13.2	1,675	....	1,675	900
Patricia Oil Co.....	2,000	7,750	13.6	8,250	....	8,250	1,500
Pricewell Oil Co.....	500	2,429	13.5	2,529	....	2,529	400
Rambler Oil Co.....	1,500	4,624	13.0	5,924	....	5,924	200
Revenue Oil Co.....	2,400	....	13.4	....	....	....	2,400
Sec. 6 Oil Co.....	400	1,267	13.8	1,567	....	1,567	100
St. Clair & Jastro.....	800	2,853	13.0	3,253	....	3,253	400
Tejon Oil Co.....	2,000	10,572	13.0	12,272	....	12,272	300
Traffic Oil Co #19.....	700	666	13.0	766	....	766	600
" #30	1,400	3,190	13.9	2,590	....	2,590	2,000
" #36	300	500	12.7	....	....	....	800
Wrenn Oil Co.....	1,200	2,186	14.1	2,686	....	2,686	700
Yellowstone Oil Co.....	4,500	3,796	13.2	7,796	....	7,796	500
E. A. Clappitt.....	400	5,227	14.6	3,427	....	3,427	2,200
(Was Atlanta Oil Co.)							
Total	60,000	144,351	....	157,242	8,659	165,901	38,450
		8,659					
		135,692 Net Control					

Maricopa and McKittrick Districts.

Maricopa:	Stocks July 1st.	Net Production.	Gravity.	Runs to P. T. Co.	Commercial Runs.	Total Runs.	Stocks August 1st.
American Oilfields.....	18,700	.....	19.0	....	475	475	*12,000
McCutchen Bros.....	3,300	1,700	13.0	....	....	....	5,000
Muscatine Oil Co.....	400	5,516	12.2	4,916	....	4,916	1,000
Maricopa Nat. Pet.....	1,400	3,353	21.3	3,353	....	3,353	1,400
Tannehill Oil Co.....	500	2,837	12.8	3,037	....	3,037	300
United Crude.....	3,500	504	13.7	304	....	304	3,700
Gen. Pet. Co. (Essex) *	2,592	13,102	21.3	....	14,494	14,494	1,200
Pacific Midway.....	2,200	3,382	22.2	....	5,096	5,096	486
Walter Snook.....	3,000	1,916	12.8	1,716	....	1,716	3,200
Johnson Oil Co.*.....	1,250	....	15.0	....	200	200	1,050
Boston Pacific.....	2,000	1,814	12.9	2,114	....	2,114	1,700
Miocene Oil Co.....	400	28,487	21.2	27,887	....	27,887	1,000
Ethel D. Oil Co.....	600	19,887	18.9	19,487	....	19,487	1,000
Total	39,842	82,498	....	62,814	20,265	83,079	33,036
		16,484					

*Loss 6,225

Less Stars

Net Control

McKittrick:

Berry & Keller.....	5,000	26,477	16.0	28,327	150	28,477	3,000
East Puente.....	6,000	26,336	14.2	24,336	....	24,336	8,000
Jackson Oil Co.....	4,000	....	14.0	....	....	....	4,000

Analysis of Agency Production and Runs.

Maricopa and McKittrick Districts.—Continued.

	Stocks July 1st.	Net Production.	Gravity.	Runs to P. T. Co.	Commercial Runs.	Total Runs.	Stocks August 1st.
Jewett Oil Co.....	2,000	8,368	14.6	9,368	....	9,368	1,000
Olig Crude.....	3,000	6,086	15.6	6,586	....	6,586	2,500
San Fran. & McKitt.....	4,000	22,819	16.0	23,819	....	23,819	3,000
Fairfield Oil Co.....	1,000	4,029	15.2	4,029	....	4,029	1,000
Temblor Ranch.....	500	300	15.4	....	....	....	800
Dillon Oil Co.....	400	615	15.5	915	....	915	100
U. S. Oil & M. Co.....	3,500	60	11.6	1,060	....	1,060	2,500
Shear Pet. Co.....	200	300	15.5	....	....	....	500
Mahaska Oil Co.....	6,500	1,545	11.6	4,045	....	4,045	4,000
Total	36,100	96,935	....	102,485	150	102,635	30,400
		150					

96,785 Net Control

249

Midway District.

	Stocks July 1st.	Net Production.	Gravity.	Runs to P. T. Co.	Commercial Runs.	Total Runs.	Stocks August 1st.
Midway:							
Alberta Midway.....	1,000	2,863	13.2	2,863	....	2,863	1,000
American Oilfields.....	133,200	264,906	17.0	280,372	3,934	284,306	113,800
August Oil Co.....	200	....	....	....	....	....	200
Brad Oil Co.....	800	1,105	16.5	1,105	....	1,105	800
Carbo Pet. Co.....	1,200	7,907	14.0	8,307	....	8,307	800

Cheney-Stimson	1,500	8,970	14.0	9,570	....	9,570	900
Combined Oil Co.....	1,500	3,574	13.0	4,074	....	4,074	1,000
Dominion Oil Co.....	1,500	8,473	15.6	9,473	....	9,473	500
Dunlop Oil Co.....	1,000	7,243	14.0	7,463	280	7,743	500
Hondo (M. H. Whittier)..	2,000	17,346	15.2	17,846	....	17,846	1,500
Indian & Colonial.....	3,000	30,489	13.5	28,989	....	28,989	4,500
Manhattan Midway	900	....	....	....	....	....	900
Manley & McGinn (M. H. & M.)	1,500	10,736	15.0	11,236	....	11,236	1,000
March Oil Co.....	2,200	3,834	13.8	3,534	....	3,534	2,500
Midway Peerless.....	1,000	10,658	15.0	10,658	....	10,658	1,000
Paraffine Oil Co.....	30,000	10,566	13.9	13,566	....	13,566	27,000
T. W. Oil Co.....	500	14,328	14.2	14,228	....	14,228	600
H. W. Thomas (Fox)	1,500	2,367	14.6	1,367	....	1,367	2,500
H. W. Thomas (Tampalpais)	1,600	1,928	13.9	2,128	....	2,128	1,400
Traders Oil Co.....	6,500	22,660	13.0	24,660	....	24,660	4,500
Traffic Oil Co.....	600	600	19.0	....	....	....	1,200
Victor Oil Co.....	300	1,203	12.5	1,303	....	1,303	200
W. T. & M. Oil Co.....	1,000	7,563	13.8	7,563	....	7,563	1,000
Wilbert Oil Co.....	1,000	13,339	13.5	12,339	....	12,339	2,000
Total	195,500	452,658	....	472,644	4,214	476,858	171,300
		4,214					
		448,444	Net Control				

Producers Transportation Company.

Runs from Field.

District.	Union.			Total.	Daily average.			
	Own.	Purchased.	Agency.		July.	June.	Half 1913.	1912.
Coalinga	42,592	1,811	211,861	256,264	8,267	7,465	7,895	9,605
Kern .....	.....	.....	157,242	157,242	5,072	3,246	4,074	4,099
Maricopa	14,010	9,215	62,814	86,039	2,775	4,094	3,058	2,310
Midway	83,407	105,124	472,644	661,175	21,328	20,732	15,445	11,161
McKittrick .....	.....	.....	102,485	102,485	3,306	3,328	3,083	3,526
Belridge .....	.....	29,722	.....	29,722	959	1,442	949	.....
Lost Hills .....	.....	51,792	.....	51,792	1,671	1,139	457	412
Total	140,009	197,064	1,007,046	1,344,719	43,378	41,446	34,961	31,113
Received from Orcutt, via Union Line....	.....	.....	.....	51,932	1,675	2,280	1,432	224
Total Receipts	140,009	197,064	1,007,046	1,396,651	45,053	43,726	36,393	31,337

Pipe Line Shipments.

From—	Cars.	Refinery.	Fuel sold.	Fuel used.	Total.	To A. O. Co.	Grand total.
Coalinga	2,396	.....	.....	765	3,161	.....	3,161
Kern	2,971	131,772	.....	246	134,989	47,100	182,089
Maricopa	2,020	.....	.....	298	2,318	.....	2,318
Midway .....	.....	.....	.....	1,006	1,006	.....	1,006
McKittrick .....	.....	.....	.....	2,249	2,249	.....	2,249

Avila	873,176	.....	.....	845	874,021	.....	874,021
Main Line .....	.....	.....	2,990	14,047	17,037	.....	17,037
July	873,176	7,387	2,990	19,456	1,034,781	47,100	1,081,881
June	895,251	9,829	3,441	18,771	1,020,353	17,128	1,037,481
Difference	22,075	2,442	451	685	14,428	29,972	44,400

Pipe Line Stocks.

At—	July 1st.	August 1st.	Increase.	Decrease.	Shrinkage, loss, etc.
Coalinga	329,993	379,934	49,941	.....	1,352
Kern	832,719	789,106	.....	43,613	9,930
Maricopa	214,050	209,685	.....	4,365	114
Midway	1,160,543	1,173,861	13,318	.....	10,191
McKittrick	460,838	464,021	3,182	.....	531
San Luis Obispo	4,090,858	4,397,413	306,555	.....	.....
Avila	179,210	232,530	53,320	.....	1,637
Other Stations	1,255,803	1,144,679	.....	111,124	*23,778
Fuel Tanks	3,983	3,994	11	.....	11
Total	8,527,997	8,795,223	267,226	.....	47,544

* Short, 18,458 included.

Producers Transportation Company.—Continued.

Surplus.

Daily average.	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Receipts	28,341	31,113	36,393	43,726	45,053	1,327	...
Shipments	22,706	30,618	33,951	34,583	34,899	316	...
Loss .....	.....	1,403	1,302	702	1,534	832	...
Line Tanked	5,635 Red.	908	1,140	8,441	8,620	179	...

Analysis of Shipments.

Daily average.	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
To Union	16,418	26,953	33,009	34,012	33,380	...	632
To Associated	7,369	3,665	942	571	1,519	948	...
Loss .....	.....	1,403	1,302	702	1,534	832	...
Total	24,124	32,021	35,253	35,285	36,433	1,148	...

Control of Production.

District.	July.			Daily average.		
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Coalinga	9,889	.....	9,889	319	271	295
Maricopa	13,102	37,104	50,206	1,620	2,091	1,766
Midway	250,108	148,171	398,279	12,848	11,969	8,743
Lost Hills	35,424	.....	35,424	1,142	1,114	731
Belridge	21,222	.....	21,222	685	825	737
Fullerton	32,814	.....	32,814	1,058	1,129	1,061
Total	362,559	185,275	547,834	17,672	17,399	13,333
July Average	11,695	5,977	17,672			
June Average	10,425	6,974	17,399			
Half 1913 Av.....	8,278	5,055	13,333			

Runs from Field.

District.	July.			Daily average.		
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Coalinga	9,539	.....	9,539	308	283	297
Maricopa	14,494	36,804	51,298	1,655	1,990	1,761
Midway	246,608	187,771	434,379	14,012	10,812	8,284
Lost Hills	39,324	.....	39,324	1,268	917	698

Control of Production.—Continued.

General Petroleum Company.

District.	July.			Daily average.	
	Own.	Purchased.	Total.	July.	Half 1913.
Belridge	29,722	.....	29,722	959	1,442
Fullerton	32,037	.....	32,037	1,033	1,137
Total	371,724	224,575	596,299	19,235	16,581
From P. T. Co. ....	.....	.....	.....	.....	12,689
Total Receipts	371,724	224,575	596,299	19,235	16,581
					13,260

Pipe Line Shipments & Outgo.

District.	July.			Daily average.	
	Line.	Cars.	Fuel.	July.	Half 1913.
Maricopa .....	.....	12,322	.....	398	230
Midway .....	.....	10,428	.....	336	1,147
Kerto Refy. ....	.....	.....	.....	.....	172
Mojave Refy.	3,004	Absorbed	.....	97	.....
Vernon Rfy.	71,797	Tops & Residium	.....	2,316	1,383
Puente	483	.....	.....	16	16
Trunk Line	327	.....	8,027	269	288
Total	75,611	22,750	8,027	3,432	3,236
					4,830
To Standard at Coalinga & Midway .....	.....	.....	.....	1,843	863
To P. T. Co., Lost Hills—Belridge .....	.....	.....	.....	2,227	2,360
					1,155

To Union at San Pedro.....	121,709	3,926	.....	.....
To Amalgamated at Fullerton.....	31,554	1,018	1,113	1,047
Line Losses Shrinkage, etc.	57,873	1,867	001	57
Total	412,945	22,750	8,027	8,364
Field Losses .....	.....	.....	7,573	.....
Outgo	412,945	22,750	8,027	8,364

Stocks August 1st, 1913.

At—	At the wells.			G. P. Co.	
	Own.	Purchased.	Total.	G. P. L.	
Coalinga	850	.....	850	.....
Maricopa	1,200	6,300	7,500	229,077	
Midway	39,400	32,900	72,300	130,168	
Lost Hills	2,500	.....	2,500	.....
Belridge	19,000	.....	19,000	.....
Fullerton	3,935	.....	3,935	.....
Mojave .....	.....	.....	.....	.....
S. P.—Wilm. ....	.....	.....	.....	72,873	
Vernon .....	.....	.....	.....	263,316	
Other Points .....	.....	.....	.....	84,288	
Total	66,885	39,200	106,085	404,678	
July 1st.....	76,050	78,500	154,550	.....
Difference	9,165	39,300	48,465	.....

Grand total.

	August, 1st.	July 1st.	Difference.	
			Inc.	Dec.
.....	850	500	.....	350
.....	236,577	221,245	.....	15,332
.....	202,468	230,463	.....	27,995
.....	2,500	6,400	.....	3,900
.....	19,000	27,500	.....	8,500
.....	3,935	3,158	.....	777
.....	72,873	.....	.....	72,873
.....	263,316	234,165	.....	29,151
.....	84,288	48,881	.....	35,407
.....	404,678	414,061	.....	9,383
Total	1,290,485	1,186,373	Inc.	104,112
.....	1,186,373	.....	.....	.....
Difference	104,112	.....	.....	.....

252

General Petroleum Company.

	<i>Surplus.</i>			Increase.	Decrease.
	Daily average.	Half 1913.	June.		
Production		13,333	17,399	273	....
Runs		12,684	16,581	2,654	....
Field Reduced Tkd.		649	Tkd. 818	....	....
Line Receipts		13,255	16,581	2,654	....
Regular Shipments		4,830	3,236	196	....
To Other Lines		3,478	4,344	4,671	....
Line Losses		57	001	1,866	....
Line Tanked		4,890	9,000	....	4,079
Production		13,333	17,399	273	....
Other Receipts		571	....	....	....
Income		13,904	17,672	273	....
Outgo		8,365	14,314	6,733	....
Surplus		5,539	9,818	....	....

Field Operations.

District.	Completed.				Producing.			
	Own.		Purchased.		Own.		Purchased.	
	No.	Output.	No.	Output.	Active.	Idle.	Active.	Idle.
Coalinga	6	..	..	6
Maricopa

District.	Drilling.										Rigs up.			Aband.
	Own.		Purchase.		Total.						Own.	Purchased.	Total.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.								
Midway	2	65	...	2	65	93	6	132	1	225	7			
Belridge	1	100	...	1	100	12	1	...	..	12	1			
Lost Hills .....	..	...	...	..	...	11	2	...	..	11	2			
Fullerton .....	..	...	...	..	...	31	4	...	..	31	4			
July	3	165	...	3	165	153	13	143	10	296	23			
June	7	4,140	100	8	4,240	88	4	147	5	235	9			
Difference	4	3,975	100	5	4,075	65	9	4	5	61	14			
District.	Own.		Purchase.		Total.						Rigs up.			Aband.
	Active.	Idle.	Active.	Idle.	Active.	Idle.					Own.	Purchased.	Total.	
Coalinga .....	..	..	..	..	..	..					..	..	..	..
Maricopa .....	..	..	..	..	..	13					..	..	..	..
Midway	4	11	..	2	4	3					1	..	1	..
Belridge	1	3	..	..	1	..					..	..	..	..
Lost Hills	1	..	..	..	1	..					..	..	..	..
Fullerton	2	..	..	..	2	..					..	..	..	..
July	8	14	..	2	8	16					1	..	1	..
June	8	6	..	2	8	8					2	..	2	..
Difference .....	..	8	..	..	..	8					1	..	1	..

252½

General Petroleum Company.

Receipts.

Coalinga:	July.	Gravity.
Continental Pet. Co.	9,539	19.8
Maricopa:		
Essex	14,494	21.3
Purchased:		
Maricopa Queen	36,804	22.3
Total	51,298	
Midway:		
Continental	1,571	19.3
Nevada Midway	43,583	13.8
Syble	3,341	13.6
Oakburn	1,865	18.3
Brunswick	15,237	18.8
Globe	71,115	14.2
Shale	15,844	18.7
Amer. Midway	42,329	17.4
Buena Vista	49,875	26.2
Fellows	1,848	25.3
	246,608	
Purchased:		
Midway Pacific	8,848	20.0
Bankline	3,719	15.1
"	1,356	13.6
Fairbanks	12,513	13.6
N. A. O. Co.	48,992	13.2
"	81,222	13.2
"	31,121	13.5
	187,771	
Total	434,379	
Belridge:		
Own Property	29,722	23.4
Lost Hills:		
Own Property	39,324	31.0
Fullerton:		
Own Property	32,037	19.0

Control of Production.

Company.	July.		Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Associated	564,840	949,592	1,514,432	48,852	48,324	50,659
Kern T. & O.	678,302	134,431	812,733	26,217	25,893	25,161
Amalgamated	260,965	86,660	347,625	11,213	12,244	12,313
Total	1,504,107	1,170,683	2,674,790	86,282	86,461	88,133
July Ave.	48,520	37,762	86,282			
June Ave.	46,488	39,974	86,461			
Half 1913 Ave.	46,991	41,142	88,133			
1912 Average	41,847	43,633	85,480			

Runs from Field.

Company.	July.		Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Associated	578,871	965,662	1,544,539	49,824	49,938	50,704
K. T. & O.	659,633	137,317	796,950	25,708	23,997	23,701
Amalgamated	252,998	89,803	342,801	11,058	12,276	12,585
Total	1,491,502	1,192,788	2,684,290	86,590	86,211	86,990
Received from P. T. Co. for A. O. Co.			47,100	1,519	571	997
" " G. P. Co. " Amalgamated ..			31,554	1,018	.....	.....
" " S. O. Co. " K. T. & O. ....			.....	.....	2,511	5,618
Total Receipts	1,491,502	1,192,788	2,762,944	89,127	89,293	93,605
						88,480
						78,955
						55,336
						13,533
						10,086
						79,295
						7,397
					
					
						86,692

Southern Pacific Group.—Continued.

Shipments.

Company.	Line.	Cars.	Fuel.	Total.	Daily average.			
					July.	June.	Half 1913.	1912.
Associated	1,543,062	270,056	13,387	1,826,505	58,919	46,322	45,174	47,781
K. T. & O.	312,979	274,210	617	587,806	18,961	25,163	27,660	19,677
Amalgamated	367,091	.....	.....	367,091	11,841	11,593	12,695	12,365
Total	2,223,132	544,266	14,004	2,781,402	89,721	83,077	85,529	79,823
Delivered to Standard Oil Company	50,435	.....	.....	109,645	3,537	.....	60	1,388
Losses: Line .....	.....	.....	.....	50,435	1,627	1,494	1,062	1,214
Line Outgo	2,273,567	544,266	14,004	2,941,482	94,885	84,572	86,651	82,425
Field Loss .....	.....	.....	.....	55,582	1,793	.....	.....	.....
Total Outgo	2,273,567	544,266	14,004	2,997,064	96,678	.....	.....	.....

Stocks August 1st, 1913.

Company.	Own.	At the wells.		Pipe line.	Grand total.			Difference.
		Purchased.	Total.		August 1st.	July 1st.	.....
Associated	150,147	210,163	360,310	9,188,200	9,548,510	9,905,190	Dec. 356,680	
K. T. & O. Co.	402,065	7,660	409,725	626,312	1,036,037	935,065	Inc. 100,972	
Amalgamated	72,329	15,266	87,595	107,661	195,256	183,168	" 12,088	
August 1st	624,541	233,089	857,630	9,922,173	10,722,803	11,023,423	Dec. 243,620	
July 1st	663,318	259,394	922,712	10,100,711	11,023,423	.....	.....
Difference	38,777	26,305	65,082	178,538	243,620	.....	.....

Southern Pacific Group.—Continued.

Shortage.

Daily average.	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Production	78,955	85,480	88,133	86,461	86,282	...	179
Runs	79,295	86,179	86,990	86,211	86,590	379	...
Loss: Evap. Etc.	112	78	41	.....	1,793	1,793	...
Field Reduced	452	777	Tkd. 1,102	Tkd. 250	2,101	....	...
Receipts	86,692	89,844	93,605	89,293	89,127	....	166
Shipments	78,235	81,211	85,589	83,077	93,258	10,181	...
Loss: Evap. Etc.	1,077	1,136	1,021	1,494	1,627	133	...
Lines Reduced	Tkd. 7,380	Tkd. 7,497	Tkd. 6,995	Tkd. 4,722	5,758	....	...
Shortage	Surp. 6,928	Surp. 6,720	Surp. 8,097	Surp. 4,971	7,859	....	...

Associated Oil Company.

Control of Production.

District.	July.			Daily average.			
	Own.	Purchased.	Total.	June.	Half 1913.	1912.	1911.
Coalinga	50,944	271,108	322,052	10,389	11,466	14,168	16,498
Kern	245,266	241,920	487,186	15,715	15,772	15,964	19,215
Maricopa .....	.....	50,406	50,406	1,626	1,876	2,180	2,528
Midway	102,609	109,548	212,157	6,844	5,720	4,617	4,269
McKittrick	124,650	21,715	146,365	4,721	5,902	7,952	9,573
Belridge .....	.....	117,021	117,021	3,775	4,071	3,204	.....
Lost Hills	22,074	85,181	107,255	3,460	3,489	2,710	266
Santa Maria	19,297	52,693	71,990	2,322	2,433	3,170	2,968
Total	564,840	949,592	1,514,432	48,852	50,660	53,965	55,317
July Average	18,221	30,631	48,852				
June Average	16,685	31,639	48,324				
Half 1913 Av.	16,876	33,784	50,660				
1912 Average	17,078	36,887	53,965				

Runs from Field.

District.	July.		Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Coalinga	59,103	274,520	333,623	10,762	11,943	11,349
Kern	248,532	242,706	491,238	15,846	16,211	16,154
Maricopa .....	.....	49,086	49,086	1,584	1,519	1,860
Midway	97,809	115,048	212,857	6,866	5,747	5,905
McKittrick	132,850	21,015	153,865	4,963	4,937	5,542
Belridge .....	.....	124,021	124,021	4,001	4,067	4,038
Lost Hills	21,280	83,305	104,585	3,374	3,624	3,418
Santa Maria	19,297	55,967	75,264	2,428	1,890	2,438
Regular Runs	578,871	965,668	1,544,539	49,824	49,938	50,704
Received from P. T. Co. at Coalinga .....	.....	.....	.....	.....	.....	942
“ “ McKittrick .....	.....	.....	.....	.....	.....	.....
“ “ Kern .....	.....	.....	47,100	1,519	571	.....
Total Receipts	578,871	1,012,768	1,591,639	51,343	50,509	51,646
						58,030
						62,980

Stocks August 1st, 1913.

District.	At the wells.			Pipe line.	Grand total.		Difference.
	Own.	Purchased.	Total.		August 1st.	July 1st.	
Coalinga	6,298	71,736	78,034	1,929,268	2,007,302	2,251,702	Dec. 244,400
Kern	86,293	62,945	149,238	5,052,495	5,201,733	5,228,584	" 26,851
Maricopa .....	.....	19,600	19,600	48,722	68,322	80,911	" 12,589
Midway	11,500	19,000	30,500	162,718	193,218	151,232	Inc. 41,986
McKittrick	35,200	3,650	38,850	167,791	206,641	278,604	Dec. 71,963
Belridge .....	.....	5,300	5,300	.....	5,300	12,300	" 7,000
Lost Hills	10,856	16,732	27,588	223,819	251,407	294,155	" 42,748
Santa Maria .....	.....	11,200	11,200	48,923	60,123	53,238	Inc. 6,885
Other Points .....	.....	.....	.....	1,554,464	1,554,464	1,554,464	.....
August 1st	150,147	210,163	360,310	9,188,200	9,548,510	9,905,190	Dec. 356,680
July 1st	215,560	230,439	445,999	9,459,191	9,905,190	.....	.....
Difference	65,413	20,276	85,689	270,991	356,680	.....	.....

Associated Oil Company.—Continued.

Shortage.

Daily average.	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Production	55,336	53,965	50,660	48,324	48,852	528	...
Runs	55,583	54,366	50,704	49,938	49,824	...	114
Loss: Evap. Etc. ....	.....	78	41	.....	1,793	1,793	...
Field Reduced	247	479	85	1,614	2,765	1,151	...
Receipts	61,929	58,030	51,646	50,509	51,343	834	...
Shipments	52,198	49,169	45,234	46,322	58,919	12,597	...
Loss: Evap. Etc. ....	.....	943	894	1,104	1,165	61	...
Line Reduced	Tanked 9,731	Tkd. 7,918	Tkd. 5,518	Tkd. 3,083	8,741	.....	...
Shortage	Surp. 10,563	Surp. 7,439	Surp. 5,433	Surp. 1,469	11,506	.....	...

Associated Oil Company.—Continued.

District.	Drilling.						Rigs up.			Abandoned.
	Own.		Purchased.		Total.		Own.	Purchased.	Total.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.				
Coalinga .....	..	1	4	7	4	8	..	..	..	..
Kern	7	..	..	..	7	..	..	..	..	..
Maricopa .....	..	..	..	..	..	..	..	..	..	..
Midway	5	10	4	..	9	10	3	1	4	..
McKittrick	2	..	..	..	2	..	..	4	4	..
Belridge .....	..	6	2	4	2	4	..	..	2	..
Lost Hills .....	..	2	4	10	4	16	2	..	2	3
Santa Maria .....	..	..	..	..	..	2	..	..	..	..
July	14	19	14	21	28	40	5	5	10	3
June	13	20	23	26	36	46	2	2	4	2
Difference	1	1	9	5	8	6	3	3	6	1

257 Associated Oil Company.—Continued.

Receipts.

Coalinga:	July.	Gravity.
Own Property.....	47,129	15.0
“ “.....	11,974	21.4

Purchased:

American Pet. Co.....	186,317	18.0
California O. & G. Co.....	1,702	15.6
Coalinga Eight.....	3,284	15.8
Coalinga Peerless.....	12,232	20.2
Good Luck Oil Co.....	2,944	18.0
Inca Oil Co.....	27,615	13.7
Recovery Oil Co.....	971	18.0
Sauer Dough.....	7,638	21.3
California Oilfields.....	27,713	20.0
Wabash Oil Co.....	4,104	15.2

Total 333,623

Kern River:

Own Property.....	248,532	248,532	14.0
-------------------	---------	---------	------

Purchased:

Calloma Oil Co.....	574	13.6
Calloma Extension.....	1,389	13.3
Knob Hill.....	2,617	14.9
Alma.....	4,350	14.3
Apoilo.....	7,776	14.2
Bankers.....	13,550	13.6
Bold Eagle.....	10,112	13.8
Claremont.....	10,974	14.9
Enos.....	2,639	13.8
Four Oil Co.....	14,650	14.4
Kern River.....	2,354	13.9
Kern River Oilfields.....	70,381	14.8
Peerless.....	45,689	14.6
Sacramento.....	4,974	14.0
Sovereign.....	9,265	14.1
Sterling.....	34,157	14.1
Vesta.....	7,255	14.0

Total 491,238

Associated Oil Company.—Continued.

Maricopa:	July.	Gravity.
Monarch	9,720	13.8
"	14,932	19.6
Fulton Thru Refinery.....	18,452	13.6
Ruby	5,982	13.9
Total	49,086	

258

Receipts.

Midway:		
Own Property.....	7,456	17.0
" "	4,502	21.4
" "	85,028	26.5
" "	823 97,809	24.3

Purchased:

Section 25 Oil Co.....	63,578	14.8
Hawaiian	45,922	23.4
Recovery	5,548 115,048	20.7
Total	212,857	

McKittrick:

Own Property.....	132,850	132,850	18.6
-------------------	---------	---------	------

Purchased:

Kern River.....	5,176	14.5
State Consd.....	15,839 21,015	15.6
Total	153,865	

Belridge:

Purchased:

Belridge Oil Co.....	124,021	124,021	25.2
----------------------	---------	---------	------

Lost Hills:

Own Property.....	21,280	22.0
-------------------	--------------	------

Purchased:

Universal Oil Co.....	83,305	22.5
Total	104,585	

Associated Oil Company.—Continued.

Santa Maria:

Purchased:	July.	Gravity.
Refiners & Producers.....	4,591	22.4
Rice Ranch.....	16,862	29.0
Western Union.....	24,973	25.5
“ “ Thru Ref. & Prod..	9,541	25.5
Calif. Coast.....	19,297	23.0
Total	75,264	

Kern Trading and Oil Company.

Control of Production.

District.	July.			Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.	1912. 1911.
Coalinga	269,141	67,358	336,499	10,855	11,533	11,245	9,645 7,943
Kern	63,762	.....	63,762	2,057	2,073	1,939	1,825 1,591
Maricopa	133,414	.....	133,414	4,303	4,056	4,045	3,566 2,086
Midway	157,349	.....	157,349	5,076	4,326	4,733	2,662 402
McKittrick	54,286	67,073	121,359	3,915	3,893	3,187	1,729 1,499
Summerland	350	.....	350	11	12	12	12 12
Total	678,302	134,431	812,733	26,217	25,893	25,161	19,438 13,533
July Average	21,881	4,336	26,217				
June Average	21,323	4,570	25,893				
Half 1913 Ave.	21,370	3,791	25,161				
1912 Average	16,984	2,454	19,438				

Runs from Field.

District.	July.			Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.	1912. 1911.
Coalinga	272,894	67,444	340,338	10,979	11,523	11,293	9,599 7,959
Kern	903	.....	903	29	30	603	2,032 1,895
Maricopa	159,151	.....	159,151	5,134	3,759	3,875	3,555 2,053
Midway	172,049	.....	172,049	5,550	4,790	4,653	2,649 388
McKittrick	54,826	69,873	124,159	4,005	3,883	3,265	1,729 1,551
Summerland	350	.....	350	11	12	12	12
Total	659,633	137,317	796,950	25,708	23,997	23,701	19,575 13,858
From Standard Oil Company .....	.....	.....	.....	.....	2,511	5,618	..........
Total Receipts.	659,633	137,317	796,950	25,708	26,508	29,319	19,575 13,858

Kern Trading and Oil Company.—Continued.

Pipe Line Shipments.

District.	Line.	Cars.	Fuel.	Total.	Daily average.			
					July.	June.	Half 1913.	1912.
Ca. to Port Costa.....	312,979	.....	617	313,596	10,116	16,244	16,077	14,142
Coalinga by Cars.....	.....	94,029	.....	94,029	3,033	3,447	2,772	1,322
Kern to Tracy.....	.....	.....	.....	.....	.....	2,897	4,477	.....
Kern by Cars.....	.....	903	.....	903	29	30	1,221	2,032
Maricopa .....	.....	.....	.....	.....	.....	.....	.....	281
Midway .....	.....	.....	.....	.....	.....	.....	.....	223
McKittrick .....	.....	178,928	.....	178,928	5,772	2,533	3,101	1,665
Summerland .....	.....	350	.....	350	11	12	12	12
Total	312,979	274,210	617	587,806	18,961	25,163	27,660	19,677
To Standard Oil Co..	.....	.....	.....	109,645	3,537	.....	.....	.....
Pipe Line Losses.....	.....	.....	.....	14,310	462	389	127	.....
Total Outgo..	436,934	274,210	617	711,761	22,960	25,552	27,787	19,677

Stocks August 1st, 1913.

District.	At the wells.			Pine line.	Grand total.		Difference.
	Own.	Purchased.	Total.		August 1st.	July 1st.	
Coalinga	20,097	4,160	24,257	382,236	406,493	270,374	Inc. 136,119
Kern	345,432	.....	345,432	.....	345,432	282,573	" 62,859
Maricopa	25,836	.....	25,836	.....	25,836	51,573	Dec. 25,737
Midway	9,700	.....	9,700	.....	9,700	24,400	" 14,700
McKittrick	1,000	3,500	4,500	244,076	248,576	306,145	" 57,569
August 1st.....	402,065	7,660	409,725	626,312	1,036,037	935,065	Inc. 100,972
July 1st.....	383,396	10,546	393,942	541,123	935,065	.....	.....
Difference	18,669	2,886	15,783	85,189	100,972	.....	.....
Surplus.							
Daily average.				June.	July.	Increase.	Decrease.
Production	1911.	1912.	Half 1913.	25,893	26,217	324	.....
Runs	13,533	19,438	25,161	23,997	25,708	1,711	.....
Field Tanked....Red.	325	Red. 137	1,460	1,896	509	.....	1,387
Receipts Line.....	13,858	19,575	29,319	26,508	25,708	.....	800
Shipments	14,275	19,677	27,660	25,163	22,498	.....	2,665
Pipe Line Losses.....	.....	25	127	389	462	73	.....
Line Tanked....Red.	417	Red. 127	1,532	956	2,748	1,792	.....
Surplus	742	Short 264	2,992	2,852	3,257	405	.....

	Drilling.						New rigs up.			Abandoned.
	Own.		Purchased.		Total.		Own.	Purchased.	Total.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.				
Coalinga	12	2	1	..	13	2	..	..	..	6
Kern .....	..	..	..	..	..	..	..	..	..	..
Maricopa	7	..	..	..	7	..	..	..	..	..
Midway	11	1	..	..	11	1	1	..	1	..
McKittrick .....	..	..	1	..	1	..	..	..	..	..
July	30	3	2	—	32	3	1	—	1	6
June	34	3	2	..	36	3	2	..	2	..
Difference	4	..	..	—	4	—	1	—	1	6

Kern Trading and Oil Company.—*Continued.*

Coalinga:		Receipts.	Gravity.
Own Property	.....	14,244	14.6
"	"	47,510	14.7
"	"	7,241	24.0
"	"	9,598	15.8
"	"	37,022	14.0
"	"	37,022	14.7
"	"	33,014	14.7
"	"	3,297	19.2
"	"	62,555	19.2
"	"	3,363	15.8
"	"	55,050	24.0
		<hr/>	
		272,894	
Purchased:			
Amity Oil Co.	.....	2,534	15.0
Commercial Pet. Co.	.....	18,955	19.5
Arica Oil Co.	.....	8,113	17.0
Coalinga Pacific	.....	4,193	16.8
Guthrie-Maine State	.....	4,393	17.5
Penn-Coalinga Cypress	.....	4,257	13.8
Penn-Coalinga Pet.	.....	6,946	15.0
Sec. Seven Oil Co.	.....	4,253	16.0
W. W. Machen	.....	4,932	18.5
Zier Oil Co.	.....	8,868	13.9
		<hr/>	
		67,444	
Total		340,338	
McKittrick:			
Purchased:			
Reward Oil Co.	.....	69,873	15.0

Amalgamated Oil Company.

Control of Production.

District.	July.		Daily average.			
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Fullerton	70,621	....	70,621	2,278	2,415	2,169
Salt Lake	129,890	85,747	215,637	6,956	6,605	6,306
Whittier .....	....	....	....	....	....	77
Coyote	60,454	....	60,454	1,950	2,111	2,714
Ventura .....	....	913	913	29	....	....
Total	260,965	86,660	347,625	11,213	11,131	11,266
From G. P. Co. ....	....	31,554	31,554	1,018	1,113	1,047
Total Income	260,965	118,214	379,179	12,231	12,244	12,313
July Average	8,418	3,813	12,231			12,077
June Average	8,479	3,765	12,244			10,086
Half 1913	8,746	3,567	12,313			....
1912 Average	7,785	4,292	12,077			10,086

Amalgamated Oil Company.—Continued.

District.	July.		Runs from Field.				
	Own.	Purchased.	Total.	July.	June.	Half 1913.	Daily average.
Fullerton	70,930	.....	70,930	2,288	2,386	2,178	1911. 2,294
Salt Lake	126,721	88,890	215,611	6,955	6,760	6,576	1912. 2,690
Whittier	55,347	.....	55,347	1,785	.....	77	6,566
Coyote .....	.....	913	913	29	2,017	2,707	564)
Ventura .....	.....	.....	.....	.....	.....	.....	2,405)
Total.....	252,998	89,803	342,801	11,058	11,163	11,538	13
From G. P. Co.....	.....	31,554	31,554	1,018	1,113	1,047	.....
Total Receipts	252,998	121,357	374,355	12,076	12,276	12,585	12,238
							9,854

Pipe-line Shipments Into the Trade.

L. A. District	June.	Daily Ave.	July.	Daily Ave.	Half 1913.	Daily average.	1911.
	347,783	11,593	367,091	11,841	12,695	12,365	9,707

Stocks August 1st, 1913.

At the wells.

District.	At the wells.			Grand total.		
	Own.	Purchased.	Total.	Pipe line.	August 1st.	July 1st.
Fullerton	5,583	.....	5,583	.....	5,583.	5,892
Salt Lake	56,338	15,266	71,604	27,489	99,093	96,070
Coyote	10,408	.....	10,408	.....	10,408	5,301
Los Angeles .....	.....	.....	.....	80,172	80,172	75,905
August 1st	72,329	15,266	87,595	107,661	195,256	183,168
July 1st	64,362	18,409	82,771	100,397	183,168	.....
Difference	7,967	3,143	4,824	7,264	12,088	.....

15-695

Surplus.

Daily average.	Surplus.			June.	July.	Increase. Decrease.	
	1911.	1912.	Half 1913.			Increase.	Decrease.
Production	10,086	12,077	11,266	11,131	11,213	82	.....
Runs	9,854	12,238	11,538	11,163	11,058	.....	105
Field Tanked	232	Red. 161	Red. 272	Red. 32	155	.....	.....
Runs	9,854	12,238	12,585	12,276	12,076	.....	200
Shipments	9,707	12,365	12,695	11,593	11,841	248	.....
Line Tanked	147	Red. 127	Red. 110	683	235	448	.....
Surplus	379	Short. 288	382	651	390	.....	261

262

Amalgamated Oil Company.—*Continued.**Operations of Los Angeles Pipe Line.*

Stocks.

At—	July 1st.	August 1st.	Increase.	Decrease.
Salt Lake	24,492	27,489	2,997	.....
Los Angeles	75,905	80,172	4,267	.....
Total	100,397	107,661	7,264	.....

Receipts.

From—	June.	July.	Increase.	Decrease.
Fullerton	71,313	70,930	.....	383
Salt Lake	202,813	215,611	12,798	.....
Whittier .....	.....	.....	.....	.....
Coyote	60,518	55,347	.....	5,171
Ventura .....	.....	913	913	.....
Total	334,644	342,801	8,157	.....
From G. P. Co. ...	33,640	31,554	.....	2,086
Total Receipts	368,284	374,355	6,071	.....

Shipments.

By—	June.	July.	Increase.	Decrease.
Line & Cars	347,783	367,091	19,308	.....

Amalgamated Oil Company.—Continued.

Imports at Redondo.

July.	Boat.	From—	L. H. Crude.
3	Monterey	Monterey	19,295
12	"	"	19,388
16	"	"	19,230
20	"	"	18,861
25	"	"	19,156
28	"	"	19,131
Total 6 Cargoes			115,061
June	6 "		136,767
Stocks Redondo July 1			54,190
Received July			115,061
Shipped			169,251
			120,286
Stocks August 1st			48,865
Shipped by Amalgamated pipe line			367,091
" from Redondo tanks			120,386
Total Distribution Southern Calif.			487,477
" " June			483,783

Amalgamated Oil Company.—Continued.

Field Operations.

District.	Completed.				Producing.			
	Own.		Purchased.		Own.		Purchased.	
	No.	Output.	No.	Output.	Active.	Idle.	Active.	Idle.
Fullerton	1	100	..	..	42	..	..	..
Salt Lake	2	410	1	10	152	20	110	1
Coyote .....	..	...	..	...	7	2	..	..
July	3	510	1	10	201	22	110	1
June	1	500	2	225	203	19	139	5
Difference	2	10	1	215	2	3	29	4
							31	1

District.	Drilling.				Rigs up.			
	Own.		Purchased.		Own.		Purchased.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.	Active.	Idle.
Fullerton	1	..	..	..	..	..	..	..
Salt Lake	2	..	2	2	..	..	..	..
Coyote	4	1	..	..	1	..	1	..
July	7	1	2	2	1	..	1	..
June	9	..	6	1	..	..	..	..
Difference	2	1	4	1	1	..	1	..

Amalgamated Oil Company.—*Continued.**Receipts of Amalgamated Oil Company.*

District.	Own.	Purchased.	Total.	Gravity.
Salt Lake:				
Salt Lake	56,877	.....	.....	14.5
Areturas	33,265	.....	.....	17.0
Amalgamated	14,741	.....	.....	16.5
West Coast	21,838	.....	.....	16.5
American Pet. Co. ....	.....	10,168	.....	15.0
La Brea .....	.....	65,002	.....	12.5
Pacific L. & P. Co. ....	.....	13,720	.....	14.5
Total	126,721	88,890	215,611	
Fullerton:				
West Coast	70,930	.....	70,930	19.0
Coyote:				
Amalgamated	55,347	.....	55,347	22.0
General Pet. Co. ....	.....	31,554	31,554	19.0

Standard Oil Company.

Control of Production.

District:	July.		Daily average			
	Own.	Purchased.	Total.	July.	June.	Half 1913.
Coalinga	78,008	628,202	706,210	22,781	22,113	18,751
Kern .....	.....	.....	.....	.....	.....	1,357
Maricopa .....	.....	125,630	125,630	4,053	2,968	3,298
Midway	518,098	439,596	957,694	30,894	29,785	32,435
Belridge .....	.....	51,367	51,367	1,657	1,079	945
Lost Hills	49,579	83,220	132,799	4,284	4,615	2,774
Total	645,685	1,328,015	1,973,700	63,669	60,560	59,560
Coast:						
Santa Maria .....	.....	6,351	6,351	205	234	175
Fullerton .....	.....	96,643	96,643	3,118	2,900	3,115
Whittier .....	.....	23,690	23,690	764	817	806
Coyote	99,550	59,898	159,448	5,143	3,649	3,639
Ventura .....	.....	37,432	37,432	1,208	1,252	1,203
Newhall	6,671	.....	6,671	215	221	236
Total	106,221	224,014	330,235	10,653	9,073	9,174
State Total	751,906	1,552,029	2,303,935	74,321	69,633	68,734
From Other Lines..	.....	166,797	166,797	5,380	863	1,335
Total Income	751,906	1,718,826	2,470,732	79,701	70,496	70,069
July Average	24,255	55,446	79,701			
June Average	20,346	50,150	70,496			

Regular Runs and Receipts from Other Lines.

District:	July.			Daily average			
	Own.	Purchased.	Total.	July.	June.	Half 1913.	1912. 1911.
Coalinga	77,851	625,589	703,440	22,692	22,000	18,850	17,062 15,176
Kern .....	.....	.....	.....	.....	.....	1,162	5,880 5,745
Maricopa .....	.....	114,556	114,556	3,695	2,592	3,103	3,924 2,978
Midway	518,298	442,896	961,194	31,006	29,378	32,203	41,397 35,979
Belridge .....	.....	51,267	51,267	1,654	1,085	876	482
Lost Hills	49,009	83,503	132,512	4,275	4,602	2,770	259
Total	645,158	1,317,811	1,962,969	63,322	59,657	58,964	69,004 59,878
Coast:							
Santa Maria .....	.....	6,881	6,881	222	250	170	451 1,318
Fullerton .....	.....	96,643	96,643	3,118	2,900	3,116	2,710 624
Whittier .....	.....	25,150	25,150	811	817	815	280 539
Coyote	99,550	59,898	159,448	5,144	3,649	3,639	1,305
Ventura .....	.....	37,390	37,390	1,206	1,252	1,201	569 311
Newhall	6,804	.....	6,804	219	229	236	266
Total	106,354	225,962	332,316	10,720	9,097	9,177	5,581 2,792
State Total:							
Regular Runs	751,512	1,543,773	2,295,285	74,042	68,754	68,141	74,585 61,192
From A. P. L. Co. ....	.....	.....	.....	.....	.....	60	1,414 341
From K. T. & Co. ....	.....	109,645	109,645	3,537	.....	.....	..........
From G. P. Co. ....	.....	57,152	57,152	1,843	863	1,275	..........
Total Receipts	751,512	1,710,570	2,462,082	79,422	69,617	69,476	75,999 61,533

Standard Oil Company.—Continued.

Pipe Line Shipments into the Trade.

Valley:

	Line.	Cars.	Fuel.	Total.	Daily average.			
					July.	June.	Half 1913.	1912.
Coalinga Trunk	693,406	.....	2,009	695,415	22,433	21,559	19,477	16,711
Coalinga Cars	.....	7,427	.....	7,427	239	74	158	190
Kern Trunk	606,424	.....	.....	606,424	19,562	24,950	18,897	26,090
Kern Refinery	279,947	.....	1,200	281,147	9,069	9,185	4,418	.....
Kern Cars	.....	23,053	.....	23,053	744	.....	4,325	4,705
Midway Trunk	362,982	.....	.....	362,982	11,709	17,719	17,341	6,402
Lost Hills Trunk	172,727	.....	.....	172,727	5,572	5,486	3,928	1,934
Total	2,115,486	30,480	3,209	2,149,175	69,328	78,973	68,544	56,032

Coast:

Santa Maria Boats	.....	.....	.....	.....	.....	278	53	420
To El Segundo	258,244	.....	.....	258,244	8,331	8,361	8,015	4,596
Ventura Boats	40,906	.....	.....	40,906	1,320	1,408	1,423	752
Newhall	.....	728	.....	728	23	39	33	29
Total	299,150	728	.....	299,878	9,674	10,086	9,524	5,797
State total:								
Regular	2,414,636	31,208	3,209	2,449,053	79,002	89,059	78,068	60,268

Standard Oil Company.—Continued.

Pipe Line Shipments into the Trade.—Continued.

	At the wells.			Pine line.	Grand total.		Difference.
	Own.	Purchased.	Total.		August 1st.	July 1st.	
Ventura .....	.....	180	180	31,200	31,380	28,778	Inc. 2,602
Newhall	882	.....	882	.....	882	1,015	Dec. 133
Total	882	2,780	3,662	224,311	227,973	197,955	Inc. 30,018
State total:							
August 1st	58,812	174,322	322,134	25,068,987	25,302,121	25,290,781	Inc. 11,340
July 1st	58,418	166,066	224,484	25,066,297	25,290,781	.....	.....
Difference	394	8,256	8,650	2,690	11,340	.....	.....

Standard Oil Company.—Continued.

Surplus.

Daily average—	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Production	62,662	74,612	68,734	69,633	74,321	4,688	.....
Runs.....	61,303	74,585	68,141	68,754	74,042	5,288	.....
Loss: Evap. Etc. . . . .	.....	36	38	.....	.....	.....	.....
Field Tanked ..	1,359	Red. 9	555	879	279	.....	600
Receipts	61,303	76,025	69,476	69,617	79,422	9,805	.....
Shipments	43,085	60,268	78,068	89,059	79,002	.....	10,057
To K. T. & O. Co. ....	.....	.....	5,618	2,511	.....	.....	2,511
Line Losses ....	.....	690	182	651	333	.....	318
Line Tanked ...	18,218	15,067	Red. 14,387	Red. 22,605	87	.....	.....
Surplus	19,577	15,094	Short. 13,837	Short. 21,725	366	.....	.....

Standard Oil Company.—*Continued.**Operations of Los Angeles Pipe Line.*

Stocks.

	July 1st.	August 1st.	Increase.	Decrease.
Barrels	82,935	105,932	22,997	....

Receipts.

From—	June.	July.	Increase.	Decrease.
Fullerton	86,999	96,643	9,644	....
Whittier	24,503	25,150	647	....
Coyote	109,462	159,448	49,986	....
Total	220,964	281,241	60,277	....

Shipments.

To—	June.	July.	Increase.	Decrease.
El Segundo.....	250,841	258,244	7,403	....

Operations of Ventura Pipe Line.

Stocks.

At—	July 1st.	August 1st.	Increase.	Decrease.
Ventura	28,640	31,200	2,560	....

Receipts.

From—	June.	July.	Increase.	Decrease.
Ventura	37,560	37,390	....	170
Newhall	6,888	6,804	....	84
Total	44,448	44,194	....	254

Shipments.

To—	June.	July.	Increase.	Decrease.
Boats	42,234	40,906	....	1,328
Cars-Newhall	1,174	728	....	446
Total	43,408	41,634	....	1,774

Standard Oil Company.—Continued.

Coast:	Drilling.						Rigs up.			Abandoned.
	Own.		Purchased.		Total.		Own.	Purchased.	Total.	
	Active.	Idle.	Active.	Idle.	Active.	Idle.				
Santa Maria .....	..	..	1	..	1	..	..	..	..	..
Fullerton .....	..	..	1	..	4	..	..	..	..	..
Whittier	1	..	..	..	1	..	..	..	..	..
Coyote	8	..	3	..	11	..	..	1	1	1
Ventura .....	..	..	5	..	5	..	..	3	3	..
Newhall	1	..	..	..	1	..	..	..	..	..
Total	10	..	13	..	23	..	..	4	4	1
State Total:										
July	38	3	77	30	115	33	3	7	10	1
June	41	3	85	26	126	29	6	3	9	1
Difference	3	..	8	4	11	4	3	4	1	..

268

Standard Oil Company.—*Continued.**Receipts.*

Coalinga:	July.		Gravity.
Own Property.....	77,851	77,851	21.5

Purchased:

Stockholders Oil Co.....	2,268		19.6
Coalinga Oil Co.....	2,663		34.5
Calif. Oilfields.....	403,961		20.0
Caribou O. & M. Co.....	35,024		21.7
Home Oil Co.....	2,228		34.0
Mohawk Oil Co.....	24,607		27.1
Pantheon Oil Co.....	4,103		19.2
Record Oil Co.....	20,307		21.3
Turner Oil Co.....	85,157		21.5
W. K. Oil Co.....	39,804		21.5
Aztec Oil Co.....	5,467		18.5
		625,589	
Total		703,440	

Maricopa:

M. & M. & M. & J. Consd.....	17,790		20.0
M. & T.....	2,870		21.2
National Pacific.....	4,480		23.4
Midway Northern.....	35,315		23.0
Maricopa Northern.....	4,253		21.7
Gen. Pet. Co. (J. M. K.).....	5,229		17.0
August Oil Co.....	1,790		21.2
La Blanc	2,240		18.4
D. L. Peters (Maricopa Un.).....	4,690		21.6
Lakeview #2.....	25,550		26.0
Panama Oil Co.....	5,059		18.2
Ethel D. Oil Co.....	5,290		18.8
Total	114,556		

Belridge:

Purchased:

Belridge Oil Co.....	50,077		25.2
Mannell Minor.....	1,190		26.9
Total	51,267		

Standard Oil Company.—*Continued.*

Lost Hills:	July.	Gravity.
Own Property.....	49,009	49,009 34.8
Purchased:		
Vulcan Oil Co.....	37,847	34.5
Universal Oil Co.....	45,288	22.5
D. & J.....	368	32.7
	<hr/>	<hr/>
	83,503	
Total	132,512	

269

Receipts.

Midway:

Own Property.....	50,513	23.8
" ".....	137,880	20.3
" ".....	20,144	23.6
" ".....	2,226	20.3
" ".....	5,410	24.0
" ".....	9,493	23.7
" ".....	64,707	19.1
" ".....	7,270	19.9
" ".....	13,871	26.7
" ".....	206,784	518,298 27.1

Purchased:

Midway P. & G. Co.....	2,693	18.4
Safe	7,505	13.7
B. H. & C.....	2,121	14.2
Hale & McLeod.....	9,461	21.2
Midway Premier.....	14,843	22.8
St. Lawrence.....	12,123	21.6
Canadian Pacific.....	5,087	24.3
Midway Synd.....	15,140	26.4
United Oil Co.....	21,410	21.2
"	1,650	22.6
Mays Oil Co.....	8,810	22.5
"	43,650	25.5
Eagle Creek.....	25,287	23.3
Alaska Pioneer.....	13,105	25.2
Honolulu Consd.....	85,207	27.5
Olig Crude.....	5,631	26.1
Mammoth	4,714	20.6
Buick	1,877	25.3
Cala Midway	2,937	22.3
Stockton Midway.....	20,678	20.6

Standard Oil Company.—*Continued.*

	July.	Gravity.
Tumbador	19,749	18.6
Cala Amalgamated.....	5,485	23.7
Visalia Midway.....	9,942	19.2
Fairfield	2,650	20.6
“	1,391	21.6
Midway Royal.....	3,604	20.0
Kalispell	7,258	19.9
Reward	3,788	18.9
Engineers	9,679	20.3
Manley & McGinn.....	4,290	18.3
Oakland Midway.....	5,637	21.4
Edmonds Midway.....	1,650	20.5
Baltimore	450	25.0
Pacific Crude.....	20,053	24.0
Boston Pacific.....	23,448	26.4
Pyramid	1,832	24.4
“	880	20.2
Pioneer Midway.....	10,713	22.7
Recovery	2,356	20.7
Pinal-Dome (Gem).....	4,112	18.6
	<hr/> 442,896	
Total	961,194	

270

Receipts.

Santa Maria:

Purchased:

	July.		Gravity.
New Penn Oil Co.....	6,881	6,881	24.0

Fullerton:

Purchased:

Birch Oil Co.....	9,110		22.0
Brea Canyon.....	26,760		23.0
Fullerton Oil Co. "B. C.".....	58,800		23.0
“ Olinda	1,973		29.5

Total	96,643		
-------------	--------	--	--

Whittier:

Purchased:

Murphy Oil Co.....	25,150	25,150	20.0
--------------------	--------	--------	------

Standard Oil Company.—*Continued.*

Coyote:	July.	Gravity.
Own Property.....	99,550	25.0
Purchased:		
Graham & Loftus.....	8,017	20.0
Petroleum Co.....	21,115	23.0
Walker Brand.....	2,310	18.6
Murphy Oil Co.....	27,356	30.0
St. Helens.....	1,100	19.0
	<hr/>	<hr/>
	59,898	
Total	159,448	
Ventura:		
Purchased:		
Montebello Oil Co.....	36,510	34.0
Calumet Oil Co.....	880	31.0
	<hr/>	
Total	37,390	
Newhall:		
Own Property.....	728	14.5
"	6,076	33.0
	<hr/>	
Total	6,084	

Miscellaneous Operators.

PRODUCERS TRANS. CO. VS. R. R. COM., CAL.

Valley:	Stocks July 1st.	Production.	Shipments.			Stocks, August 1st.	Loss account.
			Commercial.	Fuel.	Total.		
Coalinga	72,488	17,180	23,928	....	23,928	62,740	3,000
Kern	200,777	64,998	17,503	....	17,503	248,272	....
Maricopa	52,825	45,123	55,912	200	56,112	41,836	....
Midway	23,500	31,314	19,514	....	19,514	35,300	....
McKittrick	2,800	2,136	.....	1,136	1,136	3,800	....
Belridge	900	.....	.....	....	.....	900	....
Lost Hills .....	.....	.....	.....	....	.....	.....	....
July	353,290	160,751	116,857	1,336	118,193	392,848	3,000
June .....	.....	171,614	142,471	6,578	149,049	353,290	....
Difference .....	.....	10,863	25,614	5,242	30,856	39,558	....
Coast:							
Santa Maria	199,045	39,407	14,560	700	15,260	223,192	....
Fullerton .....	.....	13,299	13,299	....	13,299	.....	....
Salt Lake	5,000	14,050	11,550	....	11,550	7,500	....
Whittier	18,646	35,265	27,811	....	27,811	26,100	....
Coyote	17,202	8,175	8,175	....	8,175	17,202	....
Ventura	9,412	15,167	14,861	....	14,861	9,718	....
Newhall	450	1,950	2,003	....	2,003	397	....
Los Angeles	15,000	26,905	26,905	....	26,905	15,000	....
Summerland .....	.....	4,000	4,000	....	4,000	.....	....

July	264,755	158,218	123,164	700	123,864	299,109	....
June .....	.....	128,948	169,933	500	170,433	264,755	....
Difference .....	.....	29,270	46,769	200	46,569	34,354	....
State Total:							
July	618,045	318,969	240,021	2,036	242,057	691,957	3,000
June .....	.....	300,562	312,404	7,078	319,482	618,045	....
Difference .....	.....	18,407	71,383	5,042	77,425	73,912	....

Surplus.

Daily average.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Production	13,129	10,264	10,019	10,289	270	....
Runs	12,527	9,195	10,649	7,808	....	2,841
Loss—Evap. Etc.	307	293	1,055	97	....	958
Surplus	295	776 Short.	1,685	2,384	....	....

Miscellaneous Operators.—Continued.

Field Operations.

Valley:	Completed.		Producing.		Drilling.		Rigs up.	Abandoned.
	Number.	Output.	Active.	Idle.	Active.	Idle.		
Coalinga .....	..	...	17	18	7	36	..	..
Kern .....	..	...	143	66	1	1	2	..
Maricopa	1	20	36	32	5	37	..	..
Midway	1	275	8	17	5	23	1	..
McKittrick .....	..	...	3	6	..	19	..	..
Belridge .....	..	...	1	2	3	17	..	..
Lost Hills .....	..	...	....	...	1	16	..	..
Total	2	295	208	141	22	149	3	..
Coast:								
Santa Maria	1	100	53	28	5	36	..	1
Fullerton .....	..	...	....	1	..	1	..	..
Salt Lake .....	..	...	19	...	2	...	..	..
Whittier	1	Dry	123	6	4	3	..	1
Coyote .....	..	...	5	...	10	2	3	..
Ventura .....	..	...	127	21	22	31	..	..
Newhall .....	..	...	19	1	..	4	..	..
Los Angeles .....	..	...	412	...	..	...	..	..
Summerland .....	..	...	121	19	..	...	..	..
Total	2	100	879	76	43	77	3	2
State Total July	4	395	1,087	217	65	226	6	2
" " June	6	550	1,100	201	69	222	5	2
Difference	2	155	13	16	4	4	1	..

Miscellaneous Operators.—Continued.

Runs and Shipments of Miscellaneous Oil.

272

Coalinga:	July.	Gravity.	
Coalinga No. Pole	460	Local Sale	26.0
Empire Oil Co.	1,305	" "	18.5
Pacific States Pet. Co. ...	900	" "	26.0
Silver Tip Oil Co.	377	" "	26.0
" "	3,401	By Cars	26.0
Coalinga Syndicate	2,772	"	15.2
Lucile Oil Co.	900	"	14.5
" "	1,900	Local	14.5
Calif. O. & G. Co.	2,513	By Cars	15.6
Recovery Oil Co.	300	Local	18.0
Calif. Oilfields	106	"	20.0
" "	9,000	By Cars	20.0
Total	23,928		
Kern River:			
Liscomb & Bridge	2,320	Local Sale	14.6
Mecca #2	1,359	" "	13.0
Melwood	400	" "	12.9
Black Jack	2,400	By Cars	13.5
Grey Oil Co.	3,750	"	13.0
J. C. Beer	801	"	13.5
Monte Cristo	375	Oakland W. Co.	14.9
Ohio Crude	1,500	By Cars	13.0
Section 5	3,398	"	13.0
Stauffer Oil Co.	1,200	"	13.5
Total	17,503		
Maricopa:			
Pacific Midway	5,096	to Ref.	22.2
Johnson Oil Co.	200	Fuel	15.0
American Oilfields	475	By Cars	19.0
Ruby Oil Co.	378	"	13.9
M. & M. & M. & J. Cons'd	12,630	to Mon. Ref.	20.0
Nat'l Pacific	520	By Cars	19.6
Adeline Road Con.	8,466	"	13.2
Sunset Rex	4,272	"	12.8
New Center	7,262	"	13.1
Anaconda	1,250	"	13.0
Petrolia	2,870	"	13.2
El Dora	10,860	"	21.3
J. D. Spreckles, Jr.	1,833	Local Sale	19.8
Total	56,112		

Miscellaneous Operators.—*Continued.*

McKittrick:		July.	Gravity.
Berry & Keller	150	Local Sale	16.0
McKittrick Oil Co.	986	" "	14.4
Total	1,136		
273			
Midway:			
Dunlop Oil Co.	280	Local Sale	14.0
American Oilfields	503	By Cars	Distillate
" "	3,431	"	14.0
Kern Crown	1,800	"	21.0
So. Midway	3,000	"	25.0
Rock Oil Co.	6,500	"	18.3
S. F. Midway	4,000	"	18.0
Total	19,514		
Santa Maria:			
Palmer-Union	560	Com. Brick Co.	13.5
" "	1,600	P. C. Ry.	13.5
" "	400	St. Helens	13.5
Brooks Oil Co.	600	Local	14.0
Oilfields Synd. of S. F. ..	100	"	14.0
S. M. Oilfields of Calif. ..	12,000	J. R. Ott	14.0
Total	15,260		
Fullerton:			
Columbia Oil Prod. (Pico)	7,699	to Puente	23.0
" (Olinda)	3,300	"	32.0
" (Hill)	2,300	"	30.0
Total	13,299		
Salt Lake:			
A. F. Gilmore	11,550	Local	15.5
Whittier:			
Whittier Crude	1,120	to Self	22.0
Home of Whittier	2,225	"	18.5
Colorado	4,145	Kellogg	18.0
Murphy Oil Co.	796	Hereules	20.0
Central Oil Co.	19,495	Kellogg	20.5
Total	27,811		

Miscellaneous Operators.—Continued.

		July.	Gravity.
Coyote:			
Amalgamated Oil Co. . . .	8,175	to Kellogg	20.0
Ventura:			
Zenith Oil Co.	500	By Cars	17.0
Clampitt Bros.	1,200	"	17.0
D. A. Connell	303	"	16.0
Total	2,003		
274			
Ventura:			
Bardsdale Crude	426	By Cars	24.0
Lapp & Gifford	400	to Self	27.0
Aloha Oil Co.	1,260	Harris	15.0
Averill & Grinnell	100	Self	18.0
Bard O. & A. Co.	2,160	Capitol Crude	15.0
West Hausna	360	"	20.0
Capitol Crude	800	"	36.0
Empire Oil Co.	685	Densmore	26.0
Emslie Oil Co.	1,800	Tarr	28.0
Modello Oil Co.	935	Herecules	17.0
Ojai Oil Co.	1,000	Densmore	37.0
Petrol Oil Co.	300	Herecules	17.0
Santa Maria Crude	500	Lapp & G.	12.0
Sespee Cons'd	260	Harris	14.5
Sunset	125	"	23.0
Ventura Calif.	450	Densmore	34.0
White Star	3,300		
Total	14,861		
Los Angeles:			
Harris Oil Co.	13,585		
Lapp & Gifford	620		
Miscellaneous	12,700		
Total	26,905		
Summerland:			
Geo. Baker	1,700		
Sunset	500		
Geo. Appel	250		
Benj. Bennett	250		
Seaside	500		
Duquesne	450		
J. C. Lillis	350		
Total	4,000		

Miscellaneous Operators.—*Continued.*

275-76

Santa Fe Properties.

District.	Stocks July 1st.	Production.	Shipments.	Stocks August 1st.
Kern River	34,362	15,116	24,589	24,889
Midway	287,500	298,233	248,133	337,600
Fullerton	17,026	83,794	100,029	791
July	338,888	397,143	372,751	363,280
June .....	.....	383,458	300,801	338,888
Difference ..	.....	13,685	71,950	24,392

Miscellaneous Operators.—Continued.

Surplus.

Daily average.	1911.	1912.	Half 1913.	June.	July.	Increase.	Decrease.
Production	10,598	12,220	13,130	12,782	12,811	29	....
Shipments	10,013	12,337	12,184	10,027	12,024	1,997	....
Loss—Evap. Etc., .....	....	41	....	....	....	....	....
Surplus	585	Short 158	946	2,755	787	....	1,968

Field Operations.

District.	Completed. Number.	Output.	Producing. Active.	Idle.	Drilling. Active.	Idle.	Rigs. up.	Aband.
Kern .....	..	...	90	18	..	..	..	..
Maricopa .....	..	...	103	1	1	8	..	..
Midway	2	125	69	8	5	4	1	..
Fullerton .....	..	...	..	2	..	..	..	..
July	2	125	262	29	6	12	1	..
June	2	325	263	26	8	12	..	1
Difference .....	..	200	1	3	2	..	1	1

Case #450.

Mr. L. P. St. Clair.

*Statistical Review for First Half of 1913.*Prepared by the Independent Oil Producers Agency, Los Angeles,
Calif.*Index for First Half of 1913.*

California:	Sheet.
General Summary of Months	1
General Summary of Marketing Companies	2 to 5
Production by Districts	6
Summary of Field Operations	7
Union-Agency:	
General Summary	8 to 9
Union Oil Company:	
General Summary	10 to 11
Independent Agency:	
General Summary	12 to 13
Producers Transportation Company:	
General Summary	14 to 16
General Petroleum Company:	
General Summary	17 to 18
Associated Oil Company:	
General Summary	19 to 20
Kern Trading & Oil Company:	
General Summary	21 to 22
Amalgamated Oil Company:	
General Summary	23

Standard Oil Company:

Sheet.

General Summary 21 to 25

Miscellaneous Operators:

General Summary 26 to 27

Santa Fe Properties:

General Summary 28

July 30th, 1913.

279

*Review of First Half 1912 Compared to First Half 1913.***Production.**

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference	Daily average.	Per cent difference.
January	7,149,701	230,636	7,139,716	230,313	Dec. 9,985	323	Dec. 0.14 %
February	6,542,982	225,609	6,789,364	242,477	Inc. 246,682	16,868	Inc. 3.77
March	6,852,620	221,052	7,564,089	244,003	" 711,469	22,951	" 10.38
April	6,800,953	226,698	7,512,696	250,423	" 711,743	23,725	" 10.47
May	6,882,028	222,001	7,639,188	246,425	" 757,160	24,424	" 11.00
June	6,895,865	229,862	7,625,200	254,174	" 729,335	24,312	" 10.51
Total	41,123,849	225,955	44,270,253	244,587	Inc. 3,146,404	18,632	Inc. 07.65 %

NOTE.—June 1913 output highest on record.

Outgo.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference	Daily average.	Per cent difference.
January	6,516,216	210,200	7,083,948	228,514	Inc. 567,732	18,314	Inc. 8.7 %
February	6,130,920	211,410	6,517,387	232,762	" 386,467	21,342	" 6.3
March	6,143,087	198,195	7,436,091	239,874	" 1,293,004	41,679	" 21.0
April	5,707,065	191,368	7,449,864	248,329	" 1,742,799	56,961	" 30.54
May	6,493,022	209,453	7,843,062	253,002	" 1,350,040	43,549	" 20.80
June	6,420,405	214,013	7,562,477	252,082	" 1,142,072	38,069	" 17.79
Total	37,410,715	205,553	43,892,829	242,503	Inc. 6,482,114	36,949	Inc. 17.33 %

NOTE.—May 1913 outgo highest on record.

State of California.—Continued.

Control of Production.

By—	Half 1912.	Daily average.	Per cent of total.	Half 1913.	Daily average.	Per cent of total.	Gross difference.	Daily average.	Per cent.
Union-Agency	8,122,245	44,628	19.75%	9,640,444	53,262	21.78	Inc. 1,518,199	8,634	18.69%
Gen. Pet. Co. ....	.....	.....	.....	1,771,050	9,785	4.00	Inc. 1,771,050	9,785	100.00%
Santa Fe	2,160,424	11,870	5.25	2,376,541	13,130	5.38	Inc. 216,117	1,260	10.01
Associated	10,249,305	56,626	24.94	9,169,453	50,659	20.71	Dec. 1,079,852	5,967	10.53
K. T. & O.	3,177,330	17,554	7.72	4,554,093	25,161	10.29	Inc. 1,376,763	7,607	43.33
Amalgamated	2,114,923	11,620	5.14	2,228,747	12,313	5.03	Inc. 113,824	693	5.38
Standard	12,775,473	70,195	31.07	12,672,122	70,012	28.64	Dec. 103,351	183	.81
Miscellaneous	2,524,149	13,869	6.13	1,857,803	10,264	4.17	Dec. 666,346	3,605	26.40
Total	41,123,849	225,955	100.00	44,270,253	244,587	100.00%	Inc. 3,146,404	18,632	7.65%

Regular Runs from Field.

By—	Half 1912.	Daily average.	Per cent of total.	Half 1913.	Daily average.	Per cent of total.	Gross difference.	Daily average.	Per cent.
Union-Agency	*9,218,857	50,653	21.76%	9,758,944	53,917	22.38%	Inc. 540,087	3,264	5.86%
Gen. Pet. Co. ....	.....	.....	.....	1,664,558	9,196	3.82	Inc. 1,664,558	9,196	100.00
Santa Fe	2,193,312	12,051	5.17	2,205,307	12,184	5.06	Inc. 11,995	133	.55
Associated	10,411,460	57,522	24.57	9,177,525	50,704	21.05	Dec. 1,233,935	6,818	11.85
K. T. & O.	3,258,028	18,000	7.69	4,289,823	23,701	9.83	Inc. 1,031,795	5,701	31.67
Amalgamated	2,177,109	11,962	5.14	2,277,907	12,585	5.22	Inc. 100,798	623	4.63
Standard	12,795,158	70,303	30.19	12,565,094	69,420	28.82	Dec. 230,064	883	1.80
Miscellaneous	2,318,605	12,739	5.48	1,664,403	9,195	3.82	Dec. 725,776	3,938	31.30
Total	42,372,529	232,816	100.00%	43,603,561	240,903	100.00%	Inc. 1,231,032	8,087	2.91%

*Approximately 932,000 barrels merely transferred to pipe line custody.

Received from Other Pipe Lines.

By—	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
Associated	952,787	5,264	170,492	997	Dec. 782,295	4,267
K. T. & O. ....	.....	.....	1,016,900	5,618	Inc. 1,016,900	5,618
Standard .....	.....	.....	10,919	60	" 10,919	60
Gen. Pet. Co. ....	.....	.....	102,317	620	" 102,317	620
Miscellaneous	71,574	393	.....	.....	Dec. 71,574	393

State of California.

Grand Total Pipe Line Receipts.

By—	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
Union-Agency	9,218,857	50,653	9,758,944	53,917	Inc. 540,087	3,264
Gen. Pet. Co.			1,766,875	9,762	Inc. 1,766,875	9,762
Santa Fe	2,193,312	12,051	2,205,307	12,184	Inc. 11,995	133
Associated	11,364,247	62,786	9,348,017	51,646	Dec. 2,016,230	11,140
K. T. & O.	3,258,028	18,000	5,306,723	29,319	Inc. 2,048,695	11,319
Amalgamated	2,177,109	11,962	2,277,907	12,585	Inc. 100,798	623
Standard	12,795,158	70,303	12,576,013	69,481	Dec. 219,145	822
Miscellaneous	2,390,179	13,133	1,664,403	9,195	Dec. 725,776	3,938
Total	42,372,529	232,816	43,603,561	240,903	Inc. 1,231,032	8,087

Regular Pipe Line Outgo.

By—	Half 1912.	Daily average.	Per cent of total	Half 1913.	Daily average.	Per cent of total.	Gross difference.	Daily average.	Per cent.
Union-Agency	7,678,386	42,189	20.60%	9,216,068	50,917	21.05%	Inc. 1,537,682	8,728	20.03%
Gen. Pet. Co.				875,093	4,834	2.00	Inc. 875,093	4,834	100.00%
Santa Fe	2,193,312	12,051	5.88	2,205,307	12,184	5.04	Inc. 11,995	133	.55
Associated	9,010,160	49,507	24.18	8,338,400	46,068	19.03	Dec. 671,760	3,439	7.45
K. T. & O.	3,390,528	18,732	9.10	5,029,566	27,787	11.48	Inc. 1,639,038	9,055	48.34
Amalgamated	2,163,408	11,887	5.80	2,297,817	12,695	5.25	Inc. 134,409	808	6.22
Standard	10,443,655	57,382	28.02	14,163,195	78,249	32.35	Inc. 3,719,540	20,867	35.62
Miscellaneous	2,390,179	13,133	6.42	1,664,403	9,195	3.80	Dec. 725,776	3,938	30.36
Total	37,269,628	205,877	100.00%	43,789,849	241,933	100.00%	Inc. 6,520,221	36,056	17.50%

NOTE.—Pipe line outgo includes losses by evaporation, shrinkage, etc.

Month.	Half of 1912.		Per cent. of output.	Half of 1913.		Per cent of output.	Difference P. C. stored.
	Surplus.	Daily Ave.		Surplus.	Daily Ave.		
January	633,485	20,436	8.86%	55,768	1,799	0.78%	Dec. 8.08%
February	411,762	14,199	6.29	271,977	9,713	4.00	" 2.29
March	709,533	22,857	10.36	127,998	4,130	1.69	" 8.67
April	1,093,888	36,464	16.08	62,832	2,094	0.83	" 15.25
May	389,006	12,548	5.64	*203,874	6,577	*2.67	"
June	475,460	15,849	6.89	62,723	2,092	.82	" 6.07
Total	3,713,134	20,402	9.03%	377,424	2,085	.81	Dec. 8.22%

*Shortage.

(Here follow paste tables marked pages 280 and 280½.)

State of California.

Shipped to Other Lines.

By—	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
Union-Agency	1,024,361	5,628	272,809	1,507	Dec. 751,552	4,121
Associated .....	.....	.....	10,919	60	Inc. 10,919	60
Standard .....	.....	.....	1,016,900	5,618	Inc. 1,016,900	5,618

Grand Total Pipe Line Shipments.

By—	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
Union-Agency	8,702,747	47,817	9,488,877	52,425	Inc. 786,130	4,608
Gen. Pet. Co. ....	.....	.....	875,093	4,834	Inc. 875,093	4,834
Sante Fe	2,193,312	12,051	2,205,307	12,184	Inc. 11,995	133
Associated	9,010,160	49,507	8,349,319	46,128	Dec. 660,841	3,379
K. T. & O.	3,390,528	18,732	5,029,566	27,787	Inc. 1,639,038	9,055
Amalgamated	2,163,408	11,887	2,297,817	12,695	Inc. 134,409	808
Standard	10,443,655	57,382	15,180,095	83,868	Inc. 4,736,440	26,486
Miscellaneous	2,390,179	13,133	1,664,403	9,195	Dec. 725,776	3,938
State	37,269,628	205,877	43,789,849	241,933	Inc. 6,520,221	36,056

PRODUCERS TRANS. CO. VS. R. R. COM., CAL.

Income Compared.

By—	Half of 1912.			Half of 1913.			Difference.		
	Income, barrels.	Daily average.	P. C. total production.	Income, barrels.	Daily average.	P. C. total production.	Gross barrels	Daily average.	Per cent.
Union-Agency	8,122,245	44,628	19.75%	9,640,444	53,262	21.78%	Inc. 1,518,199	8,634	18.69%
General Pet. ....	.....	.....	.....	1,873,367	10,350	4.23	Inc. 1,873,367	10,350	100.00
Santa Fe	2,160,424	11,870	5.25	2,376,541	13,130	5.37	Inc. 216,117	1,260	10.01
Associated	11,202,092	61,890	.....	9,339,945	51,602	21.09	Dec. 1,862,147	10,288	.....
K. T. & O.	3,177,330	17,554	7.72	5,570,993	30,779	12.58	Inc. 2,393,663	13,225	75.33
Amalgamated	2,114,923	11,620	5.14	2,228,747	12,313	5.03	Inc. 113,824	693	5.38
Standard	12,775,473	70,195	31.07	12,683,041	70,072	28.65	Dec. 92,432	123	0.72
Miscellaneous	2,595,723	14,262	6.31	1,857,803	10,264	4.17	Dec. 737,920	3,998	28.43
State	41,123,849	225,955	.....	44,270,253	244,587	.....	Inc. 3,146,404	18,632	7.65

NOTE.—“Income” is accredited production plus oil received from other pipe lines. Of the Associated’s income in 1912, approximately 950,000 barrels was 1911 storage oil transferred to it by P. T. Company.

Outgo Compared.

By—	Half of 1912.			Half of 1913.			Difference.		
	Outgo, barrels.	Daily average.	Per cent of income.	Outgo, barrels.	Daily average.	Per cent of income.	Gross barrels	Daily average.	Per cent.
Union-Agency	8,809,194	48,402	108.45%	9,517,121	52,581	98.72%	Inc. 707,927	4,179	8.03%
General Pet. ....	.....	.....	.....	875,093	4,834	52.05	Inc. 875,093	4,834	100.00
Santa Fe	2,193,312	12,051	101.52	2,205,307	12,184	92.79	Inc. 11,995	133	.55
Associated	9,011,430	49,514	80.45	8,356,651	46,169	89.47	Dec. 654,779	3,345	7.27
K. T. & O.	3,390,528	18,732	106.71	5,029,566	27,787	90.28	Inc. 1,639,038	9,055	48.34
Amalgamated	2,163,408	11,887	102.29	2,297,817	12,695	101.10	Inc. 134,409	808	6.21
Standard	10,455,855	57,450	81.84	15,186,995	83,906	119.74	Inc. 4,731,140	26,456	45.25
Miscellaneous	2,411,349	13,249	92.90	1,717,511	9,488	92.45	Dec. 693,838	3,761	28.77
State	37,410,715	205,553	90.97%	43,892,829	242,502	99.19%	Inc. 6,482,114	36,949	17.33

NOTE.—“Outgo” is regular pipe line shipments plus deliveries to other lines, and field and pipe line losses,

Changes in Stocks.

By—	Half 1912.				Half 1913.			
	Barrels.		Daily average.	Per cent income.	Barrels.		Daily average.	Per cent income.
	Increased.	Decreased.			Increased.	Decreased.		
Union-Agency .....	.....	686,949	3,774	8.45%	123,323	.....	681	1.28%
General Pet .....	.....	.....	.....	.....	998,274	.....	5,516	47.95
Santa Fe .....	.....	32,888	181	1.52	171,234	.....	946	7.21
Associated	2,190,662	.....	12,376	19.55	983,294	.....	4,433	10.53
K. T. & O. ....	.....	213,198	1,178	6.71	541,427	.....	2,992	9.72
Amalgamated .....	.....	48,485	267	2.29	.....	69,070	382	1.10
Standard	2,319,618	.....	12,745	18.16	.....	2,503,954	13,834	19.74
Miscellaneous	184,374	.....	1,013	7.10	140,292	.....	776	7.55
State	3,713,134	.....	20,402	9.03%	377,424	.....	2,085	0.81%

By—	Half 1912.	Half 1913.
Union-Agency	106,447	28,244
Gen. Pet. ....	.....	.....
Sante Fe .....	.....	.....
Associated	1,270	7,332
K. T. & O. ....	.....	.....
Amalgamated .....	.....	.....
Standard	12,200	6,900
Miscellaneous	21,170	53,108
Total	141,087	95,584

Grand Total Outgo.

By—	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
Union-Agency	8,809,194	48,402	9,517,121	52,581	Inc. 707,927	4,179
Gen. Pet. ....	.....	.....	875,093	4,834	Inc. 875,093	4,834
Sante Fe	2,193,312	12,051	2,205,307	12,184	Inc. 11,995	133
Associated	9,011,430	49,514	8,356,651	46,169	Inc. 654,779	3,345
K. T. & O.	3,390,528	18,732	5,029,566	27,787	Inc. 1,639,038	9,055
Amalgamated	2,163,408	11,887	2,297,817	12,695	Inc. 134,409	808
Standard	10,455,855	57,449	15,186,995	83,906	Inc. 4,731,140	26,457
Miscellaneous	2,411,349	13,249	1,717,511	9,488	Dec. 693,838	3,761
State	37,410,715	205,553	43,892,829	242,502	Inc. 6,482,114	36,949

(Here follows pasteur table marked page 282.)

State of California.—Continued.

California's Production by Districts.

283

"Valley."

	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.	Per cent difference.
Coalinga	9,375,888	51,516	9,097,093	50,260	Dec. 278,795	Dec. 1,256	Dec. 2.97%
Kern	5,612,086	30,836	4,679,017	25,851	" 933,069	" 4,985	" 16.63
McKittrick	2,467,357	13,557	2,174,954	12,016	" 292,403	" 1,541	" 11.85
Belridge	440,722	2,421	1,028,033	5,680	Inc. 587,311	Inc. 3,529	Inc. 133.26
Lost Hills	529,074	2,907	1,314,617	7,263	" 785,543	" 4,356	" 148.48
Midway	11,779,039	64,720	14,127,066	78,050	" 2,348,027	" 13,330	" 19.93
Maricopa	2,593,134	14,248	2,708,060	14,962	" 114,926	" 714	" 4.43
Total	32,797,300	180,205	35,128,840	194,082	Inc. 2,331,540	Inc. 13,877	Inc. 7.11%

"Coast."

Santa Maria	2,674,708	14,697	2,343,589	12,948	Dec. 331,119	Dec. 1,749	Dec. 12.38%
Fullerton	2,826,054	15,530	3,124,380	17,262	Inc. 298,326	Inc. 1,732	Inc. 10.55
Salt Lake	1,356,488	7,453	1,272,223	7,030	Dec. 84,265	Dec. 423	Dec. 6.21
Whittier	369,539	2,029	334,792	1,849	" 34,747	" 180	" 9.40
Coyote	535,929	2,942	1,370,896	7,574	Inc. 834,967	Inc. 4,632	Inc. 155.79
Los Angeles	195,310	1,073	191,052	1,055	Dec. 4,258	Dec. 18	Dec. 2.18
Ventura	281,749	1,549	424,924	2,348	Inc. 143,175	Inc. 799	Inc. 50.82
Newhall	60,672	334	53,107	293	Dec. 7,565	Dec. 41	Dec. 12.48
Summerland	26,100	143	26,450	146	Inc. 350	Inc. 3	Inc. 1.34
Total	8,326,549	45,750	9,141,413	50,505	Inc. 814,864	Inc. 4,755	Inc. 9.78%
Grand Total ..	41,123,849	225,955	44,270,253	244,587	Inc. 3,146,404	Inc. 18,632	Inc. 7.65%

Month.	Half 1912.		Half 1913.		Difference.	
	Number.	Estimated daily output.	Number.	Estimated daily output.	Number.	Estimated daily output.
January	64	8,951	60	11,630	Dec. 4	Inc. 2,679
February	68	5,835	53	17,860	" 15	" 12,025
March	73	11,543	64	15,845	" 9	" 4,302
April	68	6,632	55	8,985	" 13	" 2,353
May	67	10,720	51	8,510	" 16	Dec. 2,210
June	67	9,115	57	15,695	" 10	Inc. 6,580
Total	407	52,796	340	78,525	Dec. 67	Inc. 25,729
Monthly Ave.....	68	8,799	57	13,088	Dec. 11	Inc. 4,288

Producing Wells.

End of—	Half 1912.		Half 1913.		Av. per well per day.
	Active.	Idle.	Active.	Idle.	
January	5,383	785	5,845	949	39.4
February	5,398	823	5,862	973	41.4
March	5,464	820	5,962	906	40.9
April	5,544	802	6,049	883	41.4
May	5,588	800	6,048	946	40.7
June	5,628	819	5,959	1,052	42.6
Monthly Ave.....	5,501	808	5,954	952	41.1

State of California.—Continued.

Drilling Wells and Rigs.

End of—	Half 1912.			Half 1913.		
	Active.	Idle.	New rigs.	Active.	Idle.	New rigs.
January	476	335	46	377	369	38
February	447	359	57	379	369	49
March	435	366	34	364	388	40
April	416	374	40	387	383	50
May	421	362	51	386	389	35
June	408	352	59	377	376	26
Monthly Average.....	434	358	48	380	380	40

285

Union-Agency.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross increase.	Daily average.
January	1,439,452	46,434	1,385,204	44,684	Dec. 54,248	1,750
February	1,272,525	43,880	1,318,617	47,093	Inc. 43,092	3,213
March	1,382,406	44,593	1,538,173	49,619	" 155,767	5,026
April	1,352,557	45,085	1,737,709	57,923	" 385,152	12,838
May	1,366,431	44,078	1,832,361	59,109	" 465,930	15,031
June	1,308,874	43,629	1,828,380	60,946	" 519,506	17,317
Total	8,122,245	44,628	9,640,444	53,262	Inc. 1,518,199	8,634

Runs from the Field.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross increase.	Daily average.
January	1,480,891	47,771	1,444,810	46,606	Dec. 36,081	1,165
February	1,309,203	45,145	1,302,310	46,511	" 6,893	Inc. 1,366
March	1,349,066	43,518	1,567,737	50,572	Inc. 218,671	7,054
April	1,288,036	42,934	1,743,011	58,100	" 454,975	15,166
May	*2,315,270	74,686	1,846,637	59,569	Dec. 468,633	15,117
June	1,476,391	49,213	1,854,439	61,814	Inc. 378,048	12,601
Total	9,218,857	50,653	9,758,944	53,917	Inc. 540,087	3,264

* Approximately 932,000 barrels storage taken over.

Regular Pipe Line Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross increase.	Daily average.
January	1,162,181	37,509	1,490,164	48,069	Inc. 327,383	10,560
February	1,310,583	45,192	1,259,625	44,986	Dec. 50,958	206
March	1,271,297	41,009	1,550,531	50,017	Inc. 279,234	9,008
April	1,073,273	35,776	1,474,119	49,137	" 400,846	13,361
May	1,453,705	46,894	1,859,130	59,972	" 405,425	13,078
June	1,406,747	46,891	1,582,499	52,750	" 175,752	5,859
Total	7,678,386	42,189	9,216,068	50,917	Inc. 1,537,682	8,728

Union-Agency.—Continued.

Shipped or Transferred to Other Lines.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	465,612	15,019	7,646	248	Dec. 457,966	14,773
February	558,229	19,249	5,964	213	" 552,265	19,035
March .....	.....	.....	109,337	3,257	Inc. 109,337	3,527
April	520	17	122,858	4,095	" 122,338	4,078
May .....	.....	.....	9,876	318	" 9,876	318
June .....	.....	.....	17,128	571	" 17,128	571
Total	1,024,361	5,628	272,809	1,507	Dec. 751,552	4,121

Total Pipe Line Shipments.

286

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	1,628,393	52,528	1,497,810	48,317	Dec. 130,583	4,211
February	1,868,812	64,441	1,265,589	45,199	" 603,223	19,242
March	1,271,297	41,009	1,659,868	53,544	Inc. 388,571	12,535
April	1,073,793	35,793	1,596,977	53,232	" 523,184	17,439
May	1,453,705	46,894	1,869,006	60,290	" 415,301	13,396
June	1,406,747	46,891	1,599,627	53,321	" 192,880	6,430
Total	8,702,747	47,817	9,488,877	52,425	Inc. 786,130	4,608

Loss in Stocks at the Wells.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	30,202	974	3,550	114	Dec. 26,652	860
February	15,629	539	1,060	38	" 14,569	501
March	22,639	730	14,953	482	" 7,686	248
April	27,060	902	1,942	65	" 25,118	837
May .....	.....	....	3,800	122	Inc. 3,800	122
June	10,917	364	2,939	98	Dec. 7,978	266
Total	106,447	585	28,244	156	Dec. 78,203	429

Union-Agency.—Continued.

Grand Total Outgo.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	1,658,595	53,502	1,501,360	48,431	Dec. 157,235	5,071
February	1,884,441	64,980	1,266,649	45,237	" 617,792	19,743
March	1,293,936	41,739	1,674,821	54,026	Inc. 380,885	13,287
April	1,100,853	36,695	1,598,919	53,297	" 498,066	16,602
May	1,453,705	46,894	1,872,806	60,413	" 419,101	13,519
June	1,417,664	47,255	1,602,566	53,419	" 184,902	6,164
Total	8,809,194	48,402	9,517,121	52,581	Inc. 707,927	4,179

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Production.	Outgo.	Difference.	Production.	Outgo.	Difference.
January	1,439,452	1,658,595	Dec. 219,143	1,385,204	1,501,360	Dec. 116,156
February	1,272,525	1,884,441	" 611,916	1,318,617	1,266,649	Inc. 51,968
March	1,382,406	1,293,936	Inc. 88,470	1,538,173	1,674,821	Dec. 136,648
April	1,352,557	1,100,853	" 251,704	1,737,709	1,598,919	Inc. 138,790
May	1,366,431	1,453,705	Dec. 87,274	1,832,361	1,872,806	Dec. 40,445
June	1,308,874	1,417,664	" 108,790	1,828,380	1,602,566	Inc. 225,814
Total	8,122,245	8,809,194	Dec. 686,949	9,640,444	9,517,121	Inc. 123,323
Daily Ave.	44,628	48,402	3,774	53,262	52,581	681

Stock Range First Half 1913.

1913.	At the wells.			Pipe lines.	Grand total.
	Own.	Purchased.	Total.		
January 1st	493,675	25,292	518,967	8,825,524	9,344,491
February	433,034	27,386	460,420	8,772,524	9,232,944
March	557,770	28,981	586,751	8,809,245	9,395,996
April	515,833	68,615	584,448	8,717,114	9,301,562
May	503,004	84,700	587,704	8,863,148	9,450,852
June	518,029	98,816	616,845	8,840,779	9,457,624
July	491,331	96,516	587,847	9,095,591	9,683,438
Increase .....	.....	71,224	68,880	270,067	338,947
Decrease	2,344	.....	.....	.....	.....

NOTE.—Disparity between indicated stock reduction figures above, and income and outgo figures due to taking over of heavy oil companies' well stock and readjustment on July 1st when 28,167 barrels were added.

Union Oil Company.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	681,704	21,990	668,526	21,565	Dec. 13,178	425
February	582,597	20,089	648,278	23,153	Inc. 65,681	3,064
March	610,423	19,691	666,058	21,486	" 55,635	1,795
April	579,160	19,305	858,231	28,608	" 279,071	9,303
May	603,608	19,471	918,453	29,628	" 314,845	10,157
June	583,245	19,441	934,900	31,163	" 351,655	11,722
Total	3,640,737	20,004	4,694,446	25,936	Inc. 1,053,709	5,932

Runs From the Field.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	703,278	22,686	716,823	23,123	Inc. 13,545	437
February	607,067	20,933	645,786	23,064	" 38,719	2,131
March	593,090	19,135	731,421	23,594	" 138,331	4,459
April	576,378	19,212	844,425	28,147	" 268,047	8,935
May	617,265	19,212	926,041	29,872	" 308,776	10,660
June	636,353	21,212	967,523	32,251	" 331,170	11,039
Total	3,733,431	20,514	4,832,019	26,696	Inc. 1,098,588	6,182

Regular Pipe Line Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	590,117	19,036	479,630	15,471	Dec. 110,487	4,565
February	566,556	19,536	445,952	15,927	" 120,604	3,609
March	547,127	17,649	489,441	15,788	" 57,686	1,861
April	420,365	14,012	480,878	16,028	Inc. 60,513	2,016
May	556,698	17,958	671,068	21,647	" 114,370	3,689
June	*455,877	15,178	*542,605	18,087	" 86,728	2,909
Total	3,136,740	17,234	3,109,574	17,180	Dec. 27,166	54

*Includes 617 field loss.

*Includes 1,521 field losses.

Shipped to P. T. Company.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	39,987	1,290	203,940	6,578	Inc. 163,953	5,288
February	56,916	1,964	119,163	4,256	" 62,247	2,292
March	73,452	2,369	187,921	6,062	" 114,469	3,693
April	95,641	3,188	371,555	12,385	" 275,914	9,197
May	106,211	3,426	352,819	11,382	" 246,608	7,956
June	151,037	5,035	424,863	14,162	" 273,826	9,127
Total	523,244	2,874	1,660,261	9,172	Inc. 137,017	6,298

Union Oil Company.—Continued.

Grand Total Pipe Line Outgo.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	630,104	20,329	683,570	22,049	Inc. 53,466	1,720
February	623,472	21,499	565,115	20,183	Dec. 58,357	1,316
March	620,579	20,018	677,362	21,850	Inc. 56,783	1,832
April	516,006	17,200	852,433	28,414	" 336,427	11,214
May	662,909	21,384	1,023,887	33,029	" 360,978	11,645
June	606,914	20,213	967,468	32,249	" 360,554	12,036
Total	3,659,984	20,109	4,769,835	26,352	Inc. 1,109,851	6,243

Production and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Production.	Outgo.	Difference.	Production.	Outgo.	Difference.
January	681,704	630,104	Inc. 51,600	668,526	683,570	Dec. 15,044
February	582,597	623,472	Dec. 40,875	648,278	565,115	Inc. 83,163
March	610,423	620,579	" 10,156	666,058	677,362	Dec. 11,304
April	579,160	516,006	Inc. 63,154	858,231	852,433	" 5,798
May	603,608	662,909	Dec. 59,391	918,453	1,023,887	" 105,434
June	583,245	606,914	" 23,669	934,900	967,468	" 32,568
Total	3,640,737	3,659,984	Dec. 19,247	4,694,446	4,769,835	Dec. 75,389
Daily Avge	20,004	20,109	105	25,936	26,352	416

Stock Range First Half 1913.

	At the wells.			Pipe lines.	Grand total.
	Own.	Purchased.	Total.		
1913.					
January 1st.....	171,219	25,292	196,511	503,889	700,400
February.....	120,728	27,386	148,114	537,142	685,256
March.....	182,113	28,981	211,094	617,813	828,907
April.....	117,466	68,615	186,081	671,872	857,953
May.....	115,187	84,700	199,887	663,864	863,751
June.....	138,395	98,616	237,011	566,018	803,029
July 1st.....	106,351	96,516	202,867	567,594	770,461
Increase.....	.....	71,224	6,356	63,705	70,061
Decrease.....	64,868	.....	.....	.....	.....

Independent Oil Producers Agency.

Control of Production.

"Regular" Companies.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	438,928	14,159	389,318	12,558	Dec. 49,610	1,601
February	414,331	14,288	386,848	13,816	" 27,483	472
March	434,933	14,030	610,580	19,696	Inc. 175,647	5,666
April	440,408	14,680	619,354	20,645	" 178,946	5,965
May	426,001	13,742	634,618	20,472	" 208,617	6,730
June	395,253	13,175	636,150	21,205	" 240,897	8,030
Total	2,549,854	14,088	3,276,868	18,103	Inc. 727,014	4,015

"Special" Companies.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	318,820	10,284	327,360	10,560	Inc. 8,540	276
February	275,597	9,503	283,491	10,125	" 7,894	622
March	337,050	10,873	261,535	8,437	Dec. 75,515	2,436
April	332,989	11,100	260,124	8,671	" 72,865	2,429
May	336,822	10,865	279,290	9,009	" 57,532	1,856
June	330,376	11,012	257,330	8,578	" 73,046	2,434
Total	1,931,654	10,672	1,669,130	9,222	Dec. 262,524	1,450

Grand Total Agency.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	757,748	24,443	716,678	23,118	Dec. 41,070	1,325
February	689,928	23,791	670,339	23,941	" 19,589	Inc. 150
March	771,983	24,903	872,115	28,133	Inc. 100,132	3,230
April	773,397	25,780	879,478	29,316	" 106,081	3,536
May	762,823	24,607	913,908	29,481	" 151,085	4,874
June	725,629	24,187	893,480	29,783	" 167,851	5,596
Total	4,481,508	24,760	4,945,998	27,326	Inc. 464,490	2,566

290

*Runs to Producers Transportation Co.**"Regular" Companies.*

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	470,925	15,191	386,347	12,463	Dec. 84,578	2,728
February	362,291	12,493	388,284	13,867	Inc. 25,993	1,374
March	487,909	15,739	626,631	20,214	" 138,722	4,475
April	451,859	15,062	658,012	21,934	" 206,153	6,872
May	478,542	15,436	633,851	20,447	" 155,309	5,011
June	533,644	17,788	643,786	21,459	" 110,142	3,671
Total	2,785,170	15,303	3,336,911	18,435	Inc. 551,741	3,132

"Special" Companies.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	306,688	9,893	341,640	11,020	Inc. 34,952	1,127
February	339,845	11,719	268,240	9,580	Dec. 71,605	2,139
March	268,067	8,648	209,685	6,764	" 58,382	1,884
April	259,799	8,660	240,574	8,019	" 19,225	641
May	*1,219,463	39,338	286,745	9,250	" 932,718	30,088
June	306,394	10,213	243,130	8,104	" 63,264	2,109
Total	2,700,256	14,837	1,590,014	8,784	Dec. 1,110,242	6,053

* Approximately 932,000 barrels storage transferred to P. T. Co.

Grand Total Agency Runs.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	777,613	25,084	727,987	23,483	Dec. 49,626	1,601
February	702,136	24,212	656,524	23,447	" 45,612	765
March	755,976	24,387	836,316	26,978	Inc. 80,340	2,591
April	711,658	23,722	898,586	29,953	" 186,928	6,231
May	*1,698,005	54,774	920,596	29,697	Dec. 777,409	25,077
June	840,038	28,001	886,916	29,564	Inc. 46,878	1,563
Total	5,485,426	30,140	4,926,925	27,220	Dec. 558,501	2,920

* Approximately 932,000 barrels merely transferred to P. T. Co.

Stock Range Half 1913.

	Regular companies.	Special companies.	Total agency.	Loss, seepage, etc.
1913.				
January 1st.....	187,807	134,649	322,456	3,550
February	193,728	118,578	312,306	1,060
March	285,611	90,946	375,657	14,953
April	268,609	129,758	398,367	1,942
May	238,717	149,100	387,817	3,800
June	260,834	119,000	379,834	1,418
July 1st.....	251,780	133,200	384,980	....
Increase	63,973	.....	62,524	26,723
Decrease .....	.....	1,449	.....	Total

Producers Transportation Company.

Runs From "Regular" Agency Companies.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	470,925	15,191	386,347	12,463	Dec. 84,578	2,728
February	362,291	12,493	388,284	13,867	Inc. 25,993	1,374
March	487,909	15,739	626,631	20,214	" 138,722	4,475
April	451,859	15,062	658,012	21,934	" 206,153	6,872
May	478,542	15,436	633,851	20,447	" 155,309	5,011
June	533,644	17,788	643,786	21,459	" 110,142	3,671
Total	2,785,170	15,303	3,336,911	18,436	Inc. 551,741	3,133

Runs From "Special" Agency Companies.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	306,688	9,893	341,640	11,020	Inc. 34,952	1,127
February	339,845	11,719	268,240	9,580	Dec. 71,605	2,139
March	268,067	8,648	209,685	6,764	" 58,382	1,884
April	259,799	8,660	240,574	8,019	" 19,225	641
May	*1,219,463	39,338	286,745	9,250	" 932,718	30,088
June	306,394	10,213	243,130	8,104	" 63,624	2,109
Total	2,700,256	14,837	1,590,014	8,785	Dec. 1,110,242	6,052

* Approximately 932,000 barrels storage taken over.

Run Account Union Oil Company.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	39,987	1,289	138,992	4,483	Inc. 99,005	3,194
February	56,916	1,962	96,967	3,463	" 40,051	1,501
March	73,452	2,369	187,921	6,062	" 114,469	3,693
April	95,641	3,188	298,653	9,955	" 203,012	6,767
May	106,211	3,426	322,108	10,391	" 215,897	6,965
June	151,037	5,038	356,468	11,882	" 205,431	6,844
Total	523,244	2,875	1,401,109	7,741	Inc. 877,865	4,866

Grand Total Agency-Union Runs.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	817,600	26,374	866,979	27,967	Inc. 49,379	1,593
February	759,052	26,174	753,491	26,910	Dec. 5,561	Inc. 736
March	829,428	26,756	1,024,237	33,040	Inc. 194,809	6,284
April	807,299	26,910	1,197,239	39,908	" 389,940	12,998
May	*1,804,216	58,201	1,242,704	40,087	Dec. 561,512	18,114
June	991,075	33,036	1,243,384	41,446	Inc. 252,309	8,410
Total	6,008,670	33,015	6,328,034	34,961	Inc. 319,364	1,946

* Approximately 932,000 storage taken over.

Producers Transportation Company.—Continued.

Received from Orcutt Line.

Month.	Half 1913.	Daily average.
January	64,948	2,095
February	22,196	793
March .....	.....	.....
April	72,902	2,430
May	30,711	991
June	68,395	2,280
Total	259,152	1,432

NOTE.—Nothing in 1912.

Grand Total Pipe Line Receipts.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	817,600	26,374	931,927	30,062	Inc. 114,327	3,688
February	759,052	26,174	775,687	27,703	" 16,635	1,529
March	829,428	26,756	1,024,237	33,040	" 194,809	6,284
April	807,299	26,910	1,270,141	42,338	" 462,842	15,428
May	*1,804,216	58,201	1,273,415	41,078	Dec. 530,801	17,123
June	991,075	33,036	1,311,779	43,726	Inc. 320,704	10,690
Total	*6,008,670	33,015	6,587,186	36,393	Inc. 578,516	3,378

* Approximate. 932 000 barrels storage taken over, daily average 51,121.

Regular Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	547,645	17,666	958,950	30,935	Inc. 411,305	13,269
February	714,494	24,638	781,145	27,898	" 66,651	3,260
March	689,183	22,232	1,023,600	33,019	" 333,417	10,787
April	611,102	20,370	909,621	30,321	" 298,519	9,951
May	873,402	28,174	1,178,628	38,020	" 305,226	10,846
June	918,408	30,613	1,020,353	34,012	" 101,945	3,399
Total	4,354,234	23,925	5,872,297	32,444	Inc. 1,518,063	8,519

Shipped to Other Lines.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	465,612	15,019	7,646	246	Dec. 457,966	14,773
February	558,229	19,249	5,964	213	" 552,265	19,036
March .....	.....	.....	109,337	3,527	Inc. 109,337	3,527
April	520	17	122,858	4,095	" 122,338	4,078
May .....	.....	.....	9,876	318	" 9,876	318
June .....	.....	.....	17,128	571	" 17,128	571
Total	*1,024,361	5,628	272,809	1,507	Dec. 751,552	3,921

*952,787 transferred storage to Associated and 71,574 to Lakeview royalty into cars.

Producers Transportation Company.—Continued.

Loss, Shrinkage, etc.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	25,019	807	51,584	1,664	Inc. 26,565	857
February	29,533	1,018	32,528	1,162	" 2,995	144
March	34,987	1,128	37,490	1,216	" 2,503	88
April	41,806	1,393	83,620	2,787	" 41,814	394
May	23,605	761	9,434	304	Dec. 14,171	457
June	33,079	1,102	21,062	702	" 12,017	400
Total	188,029	1,035	235,718	1,302	Inc. 47,689	267

Grand Total Outgo.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	1,038,276	33,493	1,018,180	32,845	Dec. 20,096	648
February	1,302,256	44,905	819,637	29,273	" 482,619	15,632
March	724,170	23,360	1,170,427	37,762	Inc. 446,257	14,402
April	653,428	21,780	1,116,099	37,203	" 462,671	15,423
May	897,007	28,935	1,197,938	38,642	" 300,931	9,707
June	951,487	31,715	1,058,543	35,285	" 107,056	3,570
Total	5,566,624	30,588	6,380,824	35,253	Inc. 814,200	4,665

Income and Outgo Compared.

Month.	Half 1912.			Half 1913.		
	Receipts.	Outgo.	Difference.	Receipts.	Outgo.	Difference.
January	817,600	1,038,276	Dec. 220,676	931,927	1,018,180	Dec. 86,253
February	759,052	1,302,256	" 543,204	775,687	819,637	" 44,950
March	829,428	724,170	Inc. 105,258	1,024,237	1,170,427	" 146,190
April	807,299	653,428	" 153,871	1,270,141	1,116,099	Inc. 154,042
May	1,804,216	897,007	" 907,209	1,273,415	1,197,938	" 75,477
June	991,075	951,487	" 39,588	1,311,779	1,058,543	" 253,236
Total	6,008,670	5,566,624	Inc. 442,046	6,587,186	6,380,824	Inc. 206,362
Daily Avge.....	33,015	30,588	2,427	36,393	35,253	1,140

Stock Range Half 1913.

1913.	Barrels.
January 1st.....	8,321,635
February	8,235,382
March	8,191,432
April	8,045,242
May	8,199,284
June	8,274,761
July	8,527,997
Increase	206,362

General Petroleum Company.

Control of Production.

1913.	Own.	Purchased.	Total.	Daily average.
January	87,327	35,023	122,350	3,946
February	96,875	36,471	133,346	4,762
March	171,494	171,787	343,281	11,073
April	141,135	233,326	374,461	12,482
May	164,000	229,172	393,172	12,683
June	195,228	209,212	404,440	13,481
Total	856,059	914,991	1,771,050	9,785

Runs From Field.

1913.	Own.	Purchased.	Total.	Daily.
January	78,384	29,523	107,907	3,480
February	106,780	38,471	145,251	5,188
March	139,014	143,787	282,801	9,123
April	136,835	226,926	363,761	12,126
May	172,763	225,372	398,135	12,843
June	196,091	170,612	366,703	12,223
Total	829,867	834,691	1,664,558	9,196
From P. T. Co. March & April .....	.....	.....	102,317	3,356
Total Receipts ..	829,867	937,008	1,766,875	9,762

Pipe Line Shipments.

1913.	Line.	Cars.	Fuel.	Total.	Daily average.
January .....	.....	113,860	.....	113,860	3,673
February .....	.....	137,241	400	137,641	4,916
March .....	.....	123,058	.....	123,058	3,970
April .....	.....	145,971	1,284	147,255	4,908
May	91,998	150,607	14,028	256,633	8,278
June	47,309	40,698	8,639	96,646	3,221
Total	139,307	711,435	24,351	875,093	4,834

General Petroleum Company.—Continued.
Income and Outgo Compared.

1913.	Income.	Daily average.	Outgo.	Daily average.	Difference.	Daily average.
January	122,350	3,946	113,860	3,673	Inc. 8,490	273
February	133,346	4,762	137,641	4,916	Dec. 4,295	154
March	393,747	12,701	123,058	3,970	Inc. 270,689	8,731
April	426,312	10,877	147,255	4,908	" 279,057	5,969
May	393,172	12,683	256,633	8,278	" 136,539	4,405
June	404,440	13,481	96,646	3,221	" 307,794	10,260
Total	1,873,367	10,350	875,093	4,834	Inc. 998,274	5,516

Range of Stocks.

1913.	At the wells.			Grand total.
	Own.	Purchased.	Total.	
January 1st	35,000	.....	35,000	182,437
February	43,943	5,500	49,443	190,927
March	48,738	8,800	57,538	199,236
April	48,818	44,800	88,618	440,525
May	48,118	51,200	99,318	719,582
June	39,355	39,900	79,255	841,021
July 1st	38,492	78,500	116,992	1,148,815
Increase	3,492	78,500	81,992	966,378

NOTE.—Disparity between increase in stock as shown above, and the income and outgo figures, due to shifting of well stocks.

Associated Oil Company.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross decrease.	Daily average.
January	1,755,922	56,614	1,520,928	49,062	234,094	7,552
February	1,706,155	58,833	1,532,913	54,747	173,242	4,086
March	1,725,662	55,667	1,614,728	52,088	110,934	3,579
April	1,671,062	55,702	1,487,065	49,569	183,997	6,133
May	1,679,653	54,182	1,564,109	50,455	115,544	3,727
June	1,711,751	57,058	1,449,710	48,324	262,041	8,734
Total	10,249,305	56,626	9,169,453	50,659	1,079,852	5,967
From P. T. Co.	952,787	5,264	170,492	997	782,295	4,267
Total Income	11,202,092	61,890	9,339,945	51,656	1,862,147	10,234

Regular Runs from Field.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross decrease.	Daily average.
January	1,732,762	55,895	1,408,413	45,432	324,349	10,463
February	1,834,654	63,264	1,467,205	52,400	367,449	10,864
March	1,770,913	57,126	1,605,118	51,778	165,795	5,348
April	1,651,456	55,048	1,624,322	54,144	27,134	904
May	1,696,922	54,739	1,574,321	50,785	122,601	3,954
June	1,724,753	57,492	1,498,146	49,938	226,607	7,554
Total	10,411,460	57,522	9,177,525	50,704	1,233,935	6,818

Received from P. T. Company.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	432,902	13,965	7,646	247	Dec. 425,256	13,718
February	519,365	17,909	5,964	213	" 513,401	17,696
March .....	.....	.....	58,871	1,899	Inc. 58,871	1,899
April	520	18	71,007	2,367	" 70,487	2,349
May .....	.....	.....	9,876	319	" 9,876	319
June .....	.....	.....	17,128	571	" 17,128	571
Total	952,787	5,264	170,492	997	Dec. 782,295	4,267

Grand Total Pipe Line Receipts.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross decrease.	Daily average.
January	2,165,664	69,860	1,416,059	45,679	749,605	24,181
February	2,354,019	81,173	1,473,169	52,613	880,850	28,560
March	1,770,913	57,126	1,663,989	53,677	6,924	3,449
April	1,651,976	55,066	1,695,329	56,511	Inc. 43,353	1,445
May	1,696,922	54,739	1,584,197	51,103	Dec. 112,725	3,636
June	1,724,753	57,492	1,515,274	50,509	" 209,479	6,983
Total	11,364,247	62,786	9,348,017	51,646	Dec. 2,016,230	11,140

Associated Oil Company.—Continued.

Pipe Line Shipments.

Month.	Regular half 1912.	Daily average.	Regular half 1913.	Daily average.	Gross difference.	Daily average.
January	1,729,480	55,789	1,403,927	45,288	Dec. 325,553	10,501
February	1,477,357	50,943	1,288,791	46,028	" 188,566	4,915
March	1,368,494	44,145	1,497,381	48,302	Inc. 128,887	4,157
April	1,388,690	46,289	1,320,767	44,025	Dec. 67,923	2,264
May	1,450,855	46,802	1,422,992	45,903	" 27,863	899
June	1,596,554	53,218	1,422,793	47,426	" 173,761	5,792
Total	9,011,430	49,514	8,356,651	46,169	Dec. 654,779	3,345

NOTE.—February 1913 Shipments includes 10,919 barrels to Standard. Field losses included: 1912—1,270 barrels, 1913—7,332 barrels.

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Income.	Outgo.	Difference.	Income.	Outgo.	Difference.
January	2,187,924	1,729,480	458,444	1,528,574	1,403,927	Inc. 124,647
February	2,225,520	1,477,357	748,163	1,538,877	1,288,791	" 250,086
March	1,725,662	1,368,494	357,168	1,673,599	1,497,381	" 176,218
April	1,671,582	1,388,690	282,892	1,558,072	1,320,767	" 237,305
May	1,679,653	1,450,855	228,798	1,573,985	1,422,992	" 150,993
June	1,711,751	1,596,554	115,197	1,466,838	1,422,793	" 44,045
Total	11,202,092	9,011,430	Inc. 2,190,662	9,339,945	8,356,651	Inc. 983,294
Daily Avge.	61,890	49,514	12,376	51,602	46,169	4,433

Range of Stocks Half 1913.

Month.	At the wells.			Pipe line.	Grand total.
	Own.	Purchased.	Total.		
January 1st	280,400	126,808	407,208	8,460,493	8,867,701
February	315,232	200,491	515,723	8,476,625	8,992,348
March	333,245	287,146	620,391	8,664,103	9,284,494
April	319,561	310,743	630,304	8,830,943	9,461,247
May	235,787	257,260	493,047	9,205,505	9,698,552
June	238,517	256,318	494,835	9,366,710	9,861,545
July 1st	215,210	231,189	446,399	9,459,191	9,905,590
Increase .....	.....	104,381	39,191	998,698	1,037,889
Decrease	65,190	.....	.....	.....	.....

NOTE.—Disparity between income and outgo as compared to stock table, due to shifting of "Purchased" oil at the Wells stock during half year.

Kern Trading & Oil Company.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	496,078	16,002	672,607	21,697	Inc. 176,529	5,695
February	516,345	17,805	621,564	22,199	" 105,219	4,394
March	510,279	16,461	807,786	26,058	" 297,507	9,597
April	539,190	17,973	868,640	28,955	" 329,450	10,982
May	586,392	18,916	806,695	26,022	" 220,303	7,106
June	529,046	17,635	776,801	25,893	" 247,755	8,258
Total	3,177,330	17,554	4,554,093	25,161	Inc. 1,376,763	7,607

Runs from the Field.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	468,462	15,112	630,554	20,340	Inc. 162,092	5,228
February	501,009	17,276	658,363	23,513	" 157,354	6,237
March	535,854	17,286	758,647	24,472	" 222,793	7,186
April	581,422	19,381	785,478	26,182	" 204,056	6,801
May	632,211	20,394	736,867	23,769	" 104,656	3,375
June	539,070	17,969	719,914	23,997	" 180,844	6,023
Total	3,258,028	18,000	4,289,823	23,701	Inc. 1,031,795	5,701

Received from Standard Oil Co.

1913.	Half 1913.	Daily average.
January	293,373	9,464
February	222,823	7,958
March	127,002	4,097
April	57,040	1,901
May	241,328	7,785
June	75,334	2,511
Total	1,016,900	5,618

Grand Total Pipe Line Receipts.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	468,462	15,112	923,927	29,804	454,465	14,692
February	501,009	17,276	881,186	31,471	380,177	14,195
March	535,854	17,286	885,649	28,569	349,795	11,283
April	581,422	19,381	842,518	28,083	261,096	8,702
May	632,211	20,394	978,195	31,554	345,984	11,160
June	539,070	17,969	795,248	26,508	256,178	8,539
Total	3,258,028	18,000	5,306,723	29,319	2,048,695	11,319

Kern Trading & Oil Company—Continued.

Pipe Line Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	510,263	16,460	753,505	24,307	Inc. 243,242	7,847
February	510,512	17,604	849,162	30,327	" 338,650	12,723
March	607,676	19,602	880,289	28,396	" 272,613	8,794
April	604,544	20,151	874,336	29,144	" 269,792	8,993
May	604,460	19,499	905,698	29,215	" 301,238	9,716
June	553,073	18,436	766,576	25,552	" 213,503	7,116
Total	3,390,528	18,732	5,029,566	27,787	Inc. 1,639,038	9,055

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Income.	Outgo.	Difference.	Income.	Outgo.	Difference.
January	496,078	510,263	Dec. 14,185	965,980	753,505	Inc. 212,475
February	516,345	510,512	Inc. 5,833	844,387	849,162	Dec. 4,775
March	510,279	607,676	Dec. 97,397	934,788	880,289	Inc. 54,499
April	539,190	604,544	" 65,354	925,680	874,336	" 51,344
May	586,392	604,460	" 18,068	1,048,023	905,698	" 142,325
June	529,046	553,073	" 24,027	852,135	766,576	" 85,559
Total	3,177,330	3,390,528	Dec. 213,198	5,570,993	5,029,566	Inc. 541,427
Daily Ave.	17,554	18,732	Dec. 1,178	30,779	27,787	Inc. 2,992

Range of Stocks First Half 1913,

Month.	At the wells.			Pipe lines.	Grand total.
	Own.	Purchased.	Total.		
January 1st	105,492	3,780	109,272	263,966	373,238
February	146,785	4,540	151,325	434,388	585,713
March	108,980	25,946	134,926	466,412	601,338
April	169,943	14,122	184,065	471,772	655,837
May	256,912	10,315	267,227	439,954	707,181
June	325,985	11,070	337,055	512,451	849,506
July 1st	383,396	10,546	393,942	541,123	935,065
Increase	277,904	6,766	284,670	277,157	561,827

NOTE.—The disparity between the indicated difference in income and outgo, and the stock figures as shown above, is due to transfer of "Purchased" well stock to other companies during the half year.

Amalgamated Oil Company.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	344,716	11,120	341,402	11,013	Dec. 3,314	107
February	315,088	10,865	337,904	12,068	Inc. 22,816	1,203
March	340,894	10,997	398,677	12,860	" 57,783	1,863
April	323,974	10,799	388,029	12,934	" 64,055	2,135
May	394,061	12,712	395,398	12,754	" 1,337	42
June	396,190	13,206	367,337	12,244	Dec. 28,853	962
Total	2,114,923	11,620	2,228,747	12,313	Inc. 113,824	693

Runs from the Field.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	361,701	11,668	375,530	12,114	Inc. 13,829	446
February	345,743	11,922	322,388	11,513	Dec. 23,355	409
March	338,490	10,919	392,114	12,649	Inc. 53,624	1,730
April	357,656	11,922	417,827	13,927	" 60,171	2,005
May	385,196	12,425	401,764	12,960	" 15,568	535
June	388,323	12,944	368,284	12,276	Dec. 20,039	668
Total	2,177,109	11,962	2,277,907	12,585	Inc. 100,798	623

Pipe Line Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	381,291	12,306	400,941	12,933	Inc. 19,650	633
February	354,084	12,209	219,604	7,842	Dec. 134,480	4,367
March	340,535	10,985	513,232	16,556	Inc. 172,697	5,671
April	363,869	12,129	423,312	14,110	" 59,443	1,981
May	373,208	12,039	392,945	12,676	" 18,737	637
June	350,421	11,681	347,783	11,593	Dec. 2,638	88
Total	2,163,408	11,887	2,297,817	12,695	Inc. 134,409	808

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Income.	Outgo.	Difference.	Income.	Outgo.	Difference.
January	344,716	381,291	Dec. 36,575	341,402	400,941	Dec. 59,539
February	315,088	354,084	" 38,996	337,904	219,604	Inc. 118,300
March	340,894	340,535	Inc. 359	398,677	513,232	Dec. 114,555
April	323,974	363,869	Dec. 39,895	388,029	423,312	" 35,283
May	394,061	373,208	Inc. 20,853	395,398	392,945	Inc. 2,453
June	396,190	350,421	" 45,769	367,337	347,783	" 19,554
Total	2,114,923	2,163,408	Dec. 48,485	2,228,747	2,297,817	Dec. 69,070
Daily Ave.	11,620	11,887	267	12,313	12,695	382

Amalgamated Oil Company.—*Continued.**Range of Stocks.*

	At the wells.			Pipe line.	Grand total.
	Own.	Purchased	Total.		
1913.					
January 1st.....	118,605	13,344	131,949	120,307	252,256
February.....	81,223	19,738	100,961	94,896	195,857
March.....	102,124	14,353	116,477	197,680	314,157
April.....	107,415	15,625	123,040	76,562	199,602
May.....	76,089	17,153	93,242	71,077	164,319
June.....	67,602	19,274	86,876	79,896	166,772
July 1st.....	64,362	21,567	85,929	100,397	186,326
Increase .....	.....	8,223	.....	.....	.....
Decrease	54,243	.....	46,026	19,910	65,930

Standard Oil Company.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	2,316,670	74,731	2,393,169	77,199	Inc. 76,499	2,468
February	2,017,502	69,569	2,177,167	77,756	" 159,665	8,187
March	2,060,285	66,461	2,131,285	68,751	" 71,000	2,290
April	2,107,395	70,246	1,942,572	64,752	Dec. 164,823	5,494
May	2,061,325	66,494	1,913,417	61,723	" 147,908	4,771
June	2,212,296	73,743	2,114,512	70,484	" 97,784	3,259
Total	12,775,473	70,195	12,672,122	70,012	Dec. 103,351	183

Runs from the Fields.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	2,193,714	70,765	2,394,041	77,227	Inc. 200,327	6,462
February	1,966,719	67,818	*2,126,597	75,949	" 159,878	8,131
March	2,151,231	69,395	2,137,970	68,967	Dec. 13,261	428
April	2,198,795	73,293	1,946,989	64,899	" 251,806	8,394
May	2,085,127	67,262	1,881,946	60,708	" 203,181	6,554
June	2,199,572	73,319	2,088,470	69,616	" 111,102	3,703
Total	12,795,158	70,303	12,576,013	69,481	Dec. 219,145	822

*Includes 10,919 from A. P. L.

Standard Oil Company.—Continued.

Regular Pipe Line Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	1,853,649	59,795	2,182,634	70,408	Inc. 328,985	10,613
February	1,695,014	60,536	2,176,389	77,728	" 481,375	17,192
March	1,718,601	55,439	2,231,802	71,993	" 513,201	16,554
April	1,492,031	49,734	2,499,196	83,307	" 1,007,165	33,573
May	1,932,187	62,329	2,381,866	76,834	" 449,679	14,505
June	1,752,173	58,406	2,691,308	89,710	" 939,135	31,304
Total	10,443,655	57,382	14,163,195	78,249	Inc. 3,719,540	20,867

Shipped to K. T. & O. Company.

1913.	Barrels.	Average.
January	293,373	9,464
February	222,823	7,958
March	127,002	4,097
April	57,040	1,901
May	241,328	7,785
June	75,334	2,511
Total	1,016,900	5,618

Grand Total Pipe Line Outgo.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	1,853,649	59,795	2,476,007	79,872	Inc. 622,358	20,077
February	1,695,014	60,536	2,399,212	85,686	" 704,198	25,150
March	1,718,601	55,439	2,358,804	76,090	" 640,203	20,651
April	1,492,031	49,734	2,556,236	85,208	" 1,064,205	35,474
May	1,932,187	62,329	2,623,194	84,619	" 691,007	22,290
June	1,752,173	58,406	2,766,642	92,221	" 1,014,469	33,815
Total	10,443,655	57,382	15,180,095	83,868	Inc. 4,736,440	26,486

Field Losses.

Month.	1912.	1913
February	10,000	.....
March	2,000	3,000
April .....	.....	3,900
May .....	.....	.....
June	200	.....
Total	12,200	6,900

Standard Oil Company.—Continued.

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Income.	Outgo.	Difference.	Income.	Outgo.	Difference.
January	2,316,670	1,853,649	Inc. 463,021	2,393,169	2,476,007	Dec. 83,838
February	2,017,502	1,705,014	" 312,488	2,188,086	2,399,212	" 211,126
March	2,060,285	1,720,601	" 339,684	2,131,285	2,361,804	" 230,519
April	2,107,395	1,492,031	" 615,364	1,942,572	2,550,136	" 617,564
May	2,061,325	1,932,187	" 129,138	1,913,417	2,623,194	" 709,777
June	2,212,296	1,752,373	" 459,923	2,114,512	2,766,642	" 652,130
Total	12,775,473	10,455,855	" 2,319,618	12,683,041	15,186,995	Dec. 2,503,954
Daily Ave.	70,195	57,450	Inc. 12,745	70,072	83,906	13,834

Range of Stocks First Half 1913.

1913.	At the wells.			Pipe lines.	Grand total.
	Own.	Purchased.	Total.		
January 1st	65,678	215,440	281,118	27,670,379	27,951,497
February	58,317	217,629	275,946	27,588,413	27,864,359
March	56,301	140,106	196,407	27,315,798	27,512,205
April	53,147	138,103	191,250	27,094,964	27,286,214
May	48,952	133,981	182,963	26,485,717	26,668,680
June	52,035	144,263	196,298	25,744,469	25,940,767
July 1st	58,418	163,922	222,340	25,066,297	25,288,637
Decrease	7,260	51,518	58,778	2,604,082	2,662,860

Note.—The difference between the difference in income and outgo and the indicated stock figures above is

303

Miscellaneous Operators.

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	441,700	14,248	279,075	9,002	Dec. 162,625	5,246
February	382,042	13,174	290,508	10,375	" 91,534	2,799
March	467,518	15,081	322,722	10,410	" 144,796	4,671
April	441,366	14,712	324,238	10,808	" 117,128	3,904
May	422,604	13,632	340,698	10,990	" 81,906	2,642
June	368,919	12,297	300,562	10,019	" 68,357	2,278
Total	2,524,149	13,869	1,857,803	10,264	Dec. 666,346	3,605

Received from Other Lines.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	32,710	1,055	.....	.....	.....	.....
February	38,864	1,340	.....	.....	.....	.....
Total	71,574	1,193	.....	.....	.....	.....

Miscellaneous Operators.—Continued.

Grand Total Income.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	474,410	15,303	279,075	9,002	Dec. 195,335	6,301
February	420,906	14,514	290,508	10,375	" 130,398	4,139
March	467,518	15,081	322,722	10,410	" 144,796	4,671
April	441,366	14,712	324,238	10,808	" 117,128	3,904
May	422,604	13,632	340,698	10,990	" 81,906	2,642
June	368,919	12,297	300,562	10,019	" 68,357	2,278
Total	2,595,723	14,262	1,857,803	10,264	Dec. 666,346	3,605

Regular Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	414,565	13,373	266,584	8,600	Dec. 147,981	4,773
February	430,521	13,505	232,432	8,301	" 198,089	5,204
March	450,318	14,559	265,544	8,566	" 184,774	5,993
April	402,209	13,407	303,020	10,101	" 99,189	3,306
May	349,040	11,259	277,341	8,947	" 71,699	2,312
June	343,526	11,081	319,482	10,649	" 24,044	432
Total	2,390,179	13,133	1,664,403	9,195	Dec. 725,776	3,938

Loss Evaporation, Etc.

Month.	Half 1912.	Half 1913.	Difference.
January .....	.....	5,000	Inc. 5,000
February .....	.....	2,500	" 2,500
March	1,000	3,000	" 2,000
April .....	.....	.....	.....
May	3,170	10,958	" 7,788
June	17,000	31,650	" 14,650
Total	21,170	53,108	Inc. 31,938

Grand Total Outgo.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	414,565	13,373	271,584	8,761	Dec. 142,981	4,608
February	430,521	13,505	234,932	8,390	" 195,589	5,115
March	451,318	14,558	268,544	8,663	" 182,772	5,895
April	402,209	13,407	303,020	10,101	" 99,189	3,306
May	352,210	11,361	288,299	9,299	" 63,911	2,062
June	360,526	12,017	351,132	11,704	" 9,394	313
Total	2,411,349	13,249	1,717,511	9,488	Dec. 693,838	3,761

Miscellaneous Operators.—Continued.

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Income.	Outgo.	Difference.	Income.	Outgo.	Difference.
January	474,410	414,565	Inc. 59,845	279,075	271,584	Inc. 7,491
February	420,906	430,521	Dec. 9,615	290,508	234,932	" 55,576
March	467,518	451,318	Inc. 16,200	322,722	268,544	" 54,178
April	441,366	402,209	" 39,157	324,238	303,020	" 21,218
May	422,604	352,210	" 70,394	340,698	288,299	" 52,399
June	368,919	360,526	" 8,393	300,562	351,132	Dec. 50,570
Total	2,595,723	2,411,349	Inc. 184,374	1,857,803	1,717,511	Inc. 140,292
Daily Ave.....	14,262	13,249	" 1,013	10,264	9,488	776

Stock Range.

1913.	Barrels.
January 1st.....	501,475
February	505,517
March	569,065
April	605,366
May	616,054
June	671,184
July 1st.....	620,614
Increase	119,139

Control of Production.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	356,063	11,486	424,981	13,709	Inc. 68,918	2,223
February	333,025	11,491	377,345	13,477	" 44,320	1,986
March	365,576	11,793	407,437	13,143	" 41,861	1,350
April	365,409	12,180	389,982	12,999	" 24,573	819
May	371,562	11,986	393,338	12,688	" 21,776	702
June	368,789	12,293	383,458	12,782	" 14,669	489
Total	2,160,424	11,870	2,376,541	13,130	Inc. 216,117	1,260

Shipments.

Month.	Half 1912.	Daily average.	Half 1913.	Daily average.	Gross difference.	Daily average.
January	433,985	14,000	463,783	14,961	Inc. 29,798	961
February	327,220	11,283	353,706	12,632	" 26,486	1,349
March	360,527	11,629	353,301	11,397	Dec. 7,226	232
April	355,389	11,846	402,017	13,400	Inc. 46,628	1,554
May	326,397	10,529	331,699	10,699	" 5,302	170
June	389,794	12,993	300,801	10,027	Dec. 88,993	2,963
Total	2,193,312	12,051	2,205,307	12,184	Inc. 11,995	133

Santa Fe Properties.—Continued.

Income and Outgo Compared.

Month.	Half of 1912.			Half of 1913.		
	Income.	Outgo.	Difference.	Income.	Outgo.	Difference.
January	356,063	433,985	Dec. 77,922	424,981	463,783	Dec. 38,802
February	333,025	327,220	Inc. 5,805	377,345	353,706	Inc. 23,639
March	365,576	360,527	" 5,049	407,437	353,301	" 54,136
April	365,409	355,389	" 10,020	389,982	402,017	Dec. 12,035
May	371,562	326,397	" 45,165	393,338	331,699	Inc. 61,639
June	368,789	389,794	Dec. 21,005	383,458	300,801	" 82,657
Total	2,160,424	2,193,312	Dec. 32,888	2,376,541	2,205,307	Inc. 171,234
Daily Ave.....	11,870	12,051	Dec. 181	13,130	12,184	Inc. 946

Stock Range.

1913.		Barrels.
January 1st.....		227,654
February		*128,852
March		152,491
April		206,627
May		194,592
June		256,231
July		338,888

*60,000 deducted account readjustment.

306

Ex. "Q."

Producers Transp. Co., Nov. 21/13.

February 23, 1913, at 5:50 a. m., Junction started pumping 31.8 gravity oil from tank No. 55010, at speed of 1,000 barrels per hour:

Opening gauge, 28' 8¼"	52,572.70	bbls.
Closing gauge, 3 a. m., Feb. 27, 3' 1½"	5,708.64	"
	<hr/>	
	46,874.06	"

Oil arrived at Avila at 1 a. m. February 26, gravity 25:

Opening gauge, tank 55606, 2' 6½"	4,613.99	bbls.
Closing gauge, Feb. 28, 29' 2"	49,857.99	"
	<hr/>	
	45,244.00	"

Average gravity of which was 27.3. Gravity incoming at Avila went up gradually; 28 gravity, 29.2, 29.7, 30, and 30.9. Last ten hours showed very irregular gravity, beginning at 3 p. m. 31 gravity, 21.9, 26.4, 27, 27.6, 28, 28, 27.5, 28, 21 and 19. This oil was moving at approximate speed of 1,000 barrels per hour and the above gravities indicate that about 12,000 barrels or more were contaminated, besides losing entirely 1,630.06 barrels.

307 On July 31, 1913, at 6:20 a. m. Junction started pumping 23 gravity oil through the line at a speed of 1,000 barrels per hour, to displace 15.8 gravity oil. The temperature was reduced from 142° at 6 a. m. to 100° at 7 a. m., at which time tank No. 55010 containing 31.2 gravity oil was put on:

Opening gauge 27' 9½"	50,930.52	bbls.
Closing gauge, Aug. 5, 1 a. m., 2' 8¼"	4,907.22	"
	<hr/>	
	46,023.30	"

The sudden cooling of the line caused it to separate at 10:10 a. m. just ahead of Junction Station, causing a delay of fifteen hours.

26.5 gravity oil arrived at Avila at 10:15 p. m. August 3, and was turned into tank No. 55606:

Opening gauge 6' 11¾"	12,738.10	bbls.
Closing gauge, Aug. 5, 11 p. m., 29' 1¼"	53,253.57	"
	<hr/>	
	40,515.47	"

Santa Margarita received in tank No. 55416 from 3 p. m. August 5:

Opening gauge 1' 9½"	3,261.68	bbls.
Closing gauge, 10 a. m. Aug. 6, 7' 3½"	13,324.38	"
	<hr/>	
	10,062.70	"

Estimated receipts from Lost Hills into tank No. 55010 while we were pumping from it: 9,176 barrels; making total pumping from Junction, 55,199.30; total receipts at Avila and Santa Margarita, 50,578.17; apparent shortage, 4,621.13.

308 At 3 a. m. July 21, 1912, tank 55006 at Junction containing 20 gravity oil, was put on the pump suction for the purpose of displacing 15.6 gravity oil in the line. The outgoing temperature was reduced gradually from 140° to 92° at 7 a. m., at which time we started pumping 31.5 gravity oil from tank 55010:

Opening gauge 27' $\frac{3}{4}$ ".....	49,591.73 bbls.
Closing gauge 3 a. m. July 24, 3' $9\frac{1}{2}$ ".....	6,929.73 "
	<hr/> 42,662.00 "

The gravity at Avila came up slowly and the stream was turned into tank No. 55606 at 24.5 gravity.

Opening gauge 8 a. m. July 23, 1' $5\frac{1}{4}$ ".....	2,689.19 bbls.
Closing gauge 5 a. m. " 25, 23' 10".....	43,601.30 "
	<hr/> 40,912.11 "

Average gravity of which was 28.1, showing that 1,749.89 barrels had been mixed with the heavier oils preceding and following it, and was lost. Shortly before this oil was pumped a distillation test was made of an average sample from tank No. 55010, which showed 12% 63.1 gravity gasoline. When the oil was delivered at the Refinery at Oleum it contained only 6% gasoline.

309 October 17, 1912, at 7 a. m., Junction started pumping 31.5 gravity oil from tank No. 55010, at approximately 1,000 barrels per hour:

Opening gauge 29' 6".....	54,049.14 bbls.
Closing gauge 1 p. m., Oct. 20, 3' $4\frac{1}{2}$ ".....	6,166.55 "
	<hr/> 47,882.59 "

Stream was turned into tank No. 55606 at Avila at 10 a. m. October 19:

Opening gauge 1' 6".....	2,727.18 bbls.
Closing gauge, 3 p. m., Oct. 21, 28' $3\frac{1}{4}$ ".....	51,727.27 "
	<hr/> 49,000.09 "

Average gravity 28.8. The gravity was 23.5 when it was turned into tank 55606. The stream going into the tank showed the following hourly variations: 29 gravity, 26.1, 25.5, 27.8, 18.5, 28.5, 28.7, 28.8 and 29.5. The light oil was contaminated with the heavy oil to such a great extent that in trying to get all of our light product we took into the tank at Avila 1,117.50 barrels more than was delivered from tank 55010 at Junction.

310-11 At 3 p. m. January 13, 1913, Midway started pumping 24.2 gravity oil from tank No. 55705:

Opening gauge 28' 10".....	53,028.96	bbls.
Closing gauge 8 a. m., Jan. 16, 6' 11¼".....	12,744.51	"
	<hr/>	
	40,284.45	"

This oil reached Junction pumping station at 3:45 a. m., January 15, at which point it was relayed with tank No. 55010, containing 31.5 gravity oil, for relief:

Opening gauge 23' 3½".....	42,669.23	bbls.
Closing gauge, 5 p. m., Jan. 17, 18' 10¼".....	34,525.69	"
	<hr/>	
	8,143.54	"

The gravity incoming at Junction read 23.4 at 800 barrels per hour, and left Junction at 1,000 per hour, 27.5 gravity. Stream reached Avila 1 p. m. January 16, gravity 24, and was turned into tank No. 55606:

Opening gauge 1' 6¾".....	2,840.32	bbls.
Closing gauge, 1 p. m. Jan. 18, 27' 2".....	49,705.31	"
	<hr/>	
	46,864.99	"

18% of this oil was from tank No. 55010, which contained 12% Gasoline and better than 20% engine distillate, and 82% of it contained from 2 to 8% gasoline, and 16% engine distillate. After the mixture was pumped through the pipe line the average gravity on tank No. 55606 was 19.8; no gasoline at all was found in it, and only 17% engine distillate and 6% kerosene, and was delivered for fuel oil.

312 Filed Railroad Commission, State of California, Apr. 22, 1913. File No. —.

Railroad Commission of the State of California, San Francisco, California.

In the Matter of Schedule of Rates of Producers Transportation Company.

Comes Now Producers Transportation Company, a corporation organized and existing under the laws of the State of California, having its principal place of business at Bakersfield, California, and without waiving any rights, but on the contrary reserving and saving all, and all manner of, rights and objections, and without submitting itself in any wise to the jurisdiction of the Railroad Commission of the State of California, or admitting the right of said Railroad Commission to regulate or prescribe the rates, business or

practices of this corporation, but solely by way of voluntary response to the request of said Railroad Commission for information of the rates charged by this corporation, begs leave to submit the following statement:

1. Said Producers Transportation Company was incorporated on the 11th day of June, 1909, under the laws of the State of California.

2. It was so incorporated at the solicitation and request of Independent Oil Producers Agency and Coalinga Oil Producers Agency, pre-existing California corporations (subsequently consolidated into Independent Oil Producers Agency alone) and of the members of said Agencies, for the purpose of transporting the petroleum oil of said Agencies and Agency Members from the oil fields in the vicinity of Coalinga, Kern River, Maricopa, Midway, and McKittrick, in the San Joaquin Valley of California, across the Coast

313 Range to Port Hartford, in San Luis Obispo County, California; and/or to F. O. B. cars at or near the fields of production.

As an inducement for the organization, and as a basis for the financing of Producers Transportation Company, and in the year 1909, said Independent Oil Producers Agency and said Coalinga Oil Producers Agency and the Members of said Agencies (upwards of one hundred in number) entered into contracts with Producers Transportation Company, by which said new carrying corporation should have the right to transport all of the oil of said Agencies and their Members, at the rates and prices and under the rules, regulations, terms and conditions therefor hereinafter set forth, and with the stipulation that said shippers should have the preference right to the use of the lines and facilities to be constructed and installed by Producers Transportation Company. These contracts were made for the period of ten years.

3. Pursuant to and relying upon said contracts, Producers Transportation Company commenced the construction of its pipe line systems in the summer of the year 1909, and said line was sufficiently completed to commence operations in the month of February, 1910, and ever since the Producers Transportation Company has been transporting oil through the same for said Independent Oil Producers Agency, and Coalinga Oil Producers Agency for a short time only in the year 1910, when said corporation was consolidated with the said Independent Oil Producers Agency, but for no one else.

The individual contracts have not, in practice, furnished any oil for transportation, for the reason that all of the oil of the Members is handled by the Independent Oil Producers Agency, and the transportation dealings have been between the

314 Agency and Producers' Transportation Company. This Company is not transporting, and has not transported or offered to transport, or to engage in the transportation of any oil whatever for the general public.

4. That the rules, regulations, terms and provisions under which alone oil is and has been accepted and transported by Producers' Transportation Company for Independent Oil Producers Agency,

and the schedule of prices at which said oil is being, and at all times since the year 1910 has been transported, are particularly set forth in "Schedule A" hereto attached, which is hereby referred to and made a part hereof. In said "Schedule A" Independent Oil Producers Agency is designated "First Party" and Producers Transportation Company is designated "Second Party."

Dated this April 15, 1913.

Respectfully yours,

PRODUCERS TRANSPORTATION COMPANY,
By W. L. STEWART, V. P.

315

Schedule A.

All fuel oil to be transported shall be delivered by first party to second party in suitable tanks to be provided by and at the sole cost of first party, and to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second party therefrom.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops of such tanks (when they are wooden tanks) shall be driven, or such tanks get out of gauge from any cause, new gauge tables shall be made as above provided. First party shall keep its tanks in good order and tight at all times.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second party for transportation, and second party shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to it.

All oil to be received by second party on the basis of a temperature of 60 degrees F. and a deduction or credit in the volume of oil at the rate of one per cent for each 20 degrees over or under 60 degrees F. shall be made. Temperature reading to be made at delivery tank at time of delivery.

The expression "fuel oil", as used in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel," wherever used herein, means a barrel of forty-two (42) gallons.

The second party shall not be required to accept for pipe line transportation any oil from first party which is heavier than the average gravity of oil now being produced from said property by first party. It is expected and agreed that second party will receive for transportation and will transport through said pipe line oil of varying degrees of density and quality, produced from various properties in said various oil fields; that all oil received by second

party for transportation may be commingled with oil received from other territories and other fields, and that the resulting mixture of such oils shall be delivered to and accepted by first party at the pipe line terminus, as the oil transported for first party by second party.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second party shall not be required

to receive or transport oil at any time in excess of the carrying
316 capacity of its pipe, pump stations or pipe line equipment.

In case, at any time, the amount of oil offered second party for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for transportation through said pipe line system, shall be prorated in proportion to the amount of oil offered by each such producer.

Whenever first party shall have accumulated in any of its gauge tanks at least 1000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of second party and the second party shall thereupon, within forty-eight hours after receiving said notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material.

Second party when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of first party into the main pipe line of second party that such oil be pumped, the first party shall furnish, at its own expense, pumps under specifications of second party, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that first party shall not be obliged to pump against a pressure of more than 600 pounds.

Second party shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accident, labor troubles, or other causes not under its control.

First party agrees to pay second party for transporting its oil through said pipe line system at the rate of $22\frac{1}{2}$ cents per barrel for all oil delivered to second party for transportation to tide water at or near Port Hartford, and at the rate of $2\frac{1}{2}$ cents per barrel for all oil delivered to second party for transportation to f. o. b. cars at point on pipe line most convenient to pipe line company.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accident from fire or other causes, and shall be borne pro rata by all oil handled by second party.

NOTE:—In practical operations all oil must be heated, and it has also been found necessary to secure and store, at the various pumping stations, large quantities of lighter gravity oil to be used to facilitate moving the heavier oils. Otherwise it would be difficult or impossible to move the heavier oils through the pipe lines during half of the year. Since all oil is supplied by the Agency, no injury results from this commingling of oils.

317 [Endorsed:] Report of Producers Transportation Company to Railroad Commission of California. Dated April 15, 1913.

318 CONSUMERS EX. No. 1.

In the Superior Court of the County of San Luis Obispo, State of California.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff,

VS

GASPAR O. MARRE, as Administrator with the Will Annexed of the Estate of Luigi Marre, Deceased; Gaspar O. Marre, Louis J. Marre, Rosa J. Marre, Angela L. Marre, John Doe, Richard Roe, and Mary Smith, Defendants.

For cause of action against the defendants above named plaintiff alleges:

I.

That plaintiff is a Corporation organized and existing under and by virtue of the laws of the State of California.

II.

That the purposes, for which it is incorporated, are, among others, to buy, lease and otherwise acquire, take, hold, own, use and enjoy rights of way, easements, lands, tenements and hereditaments and real estate of any and every kind whatsoever and wherever situate. To engage in the business of transporting and storing oil and all hydro-carbon substances, and for such purpose to buy, lease, construct and otherwise acquire, take, own, use and enjoy, maintain, manage and operate pipe lines, tanks, reservoirs, telephone and telegraph lines, easements and franchises. To establish and carry on a general transportation business for the purpose of transporting and storing oils for any person, firm, partnership, association or corporation. To carry on its business, or any and all portions thereof, in every State, Territory and Colony of the United States.

319

III.

That plaintiff is engaged in the business of transporting oil by means of pipe lines as a common carrier for hire.

IV.

That the location, general route and termini of said pipe lines are as follows:

1st. Commencing at the Town of Coalinga, in the County of Fresno, State of California, and running thence in a general Southerly direction in the Counties of Fresno, Kings and Kern for a distance of about 40 miles to Junction Station; thence in a general Westerly and Southerly direction in the Counties of Kern and San Luis Obispo for a distance of about 70 miles to a point on the Bay of San Luis Obispo, at or near Port San Luis, in the County of San Luis Obispo, California.

2nd. Commencing at a point or near the City of Bakersfield, in the County of Kern, and running thence in a general Westerly direction for a distance of about 38 miles to McKittrick; thence in a general North Easterly direction for a distance of about 27 miles to Junction Station, there to connect with the line first hereinbefore described, all in the County of Kern.

3rd. Commencing at Sunset in the County of Kern, and running thence in a general Northerly direction for a distance of about 22 miles to McKittrick, in said County of Kern, there to connect with the line second hereinbefore described.

A map thereof, as far as the same is involved in this proceeding, accompanies and is annexed to this complaint, made a part hereof, and marked "Exhibit A".

V.

That the following described piece or parcel of land situated, lying and being in the County of San Luis Obispo, State of California, is necessary to be taken for the right of way for said pipe lines, and telephone and telegraph lines (to be used in connection with business of plaintiff), located as in the last preceding paragraph of this complaint, and is described as follows, to wit:

A strip of land 22 feet in width, lying 11 feet on each side of the center line, which is described as follows: Commencing at Stake 0 + 00 on the Easterly line of Lot 45 of the Rancho San Miguelito, being also on the Westerly line of the road between Lots 45 and 42 of said Rancho, said stake being distant N. 8 deg. 39' E. 276.2 feet from the intersection of said road line with the fence on the Northerly line of the Right of Way of Pacific Coast Railway Company, and running thence S. 86 deg. 11' W. 1312.1 feet to a stake marked 13 + 12 near the Northerly fence line of the right of way of Pacific Coast Railway Co.; thence S. 45 deg. 43' W. 887.3 feet to a stake marked 21 + 99.4; thence S. 20 deg. 37' E. 689.1 feet to a stake marked 28 + 88.5; thence S. 19 deg. 52' E.

345.2 feet to a stake marked $32 + 33.7$; thence S. 01 deg. 53' E. 484.5 feet to a stake marked $37 + 18.2$; thence S. 8 deg. 09' E. 1088.6 feet to a stake marked $48 + 06.8$ in the Westerly line of an 98.78 acre tract of land conveyed by Gaspar O. Marre, as Administrator, with the will annexed, of the Estate of Luigi Marre, deceased, to Union Oil Company of California by deed dated January 31, 1906 and recorded February 1, 1906 in Vol. 69 of Deeds, pages 22 et seq., San Luis Obispo County Records, said stake being also distant N. $30\frac{3}{4}$ deg. E. 230 feet from Post S. 18 of said tract of land, conveyed to Union Oil Company, as aforesaid, said strip or parcel containing 2.427 acres, and being a part of Lot 45, as delineated and so designated upon the map entitled "Map of the Subdivisions of the Rancho San Miguelito, not including lands sold to J. M. Price and John Harford, San Luis Obispo County, California, 1878", a copy of which map is on file in the office of the County Recorder of said County.

VI.

That said strip or parcel of land, above described, does not include the whole, but is only a part of an entire and larger tract.

VII.

That it is necessary that said strip or parcel of land be taken as and for a right of way for the construction, maintenance and operation of said oil pipe lines, and telephone and telegraph lines (to be used in connection with the business of plaintiff), and to carry out the object and purpose of the organization of plaintiff. That said use is a public use and that said tract or parcel of land sought to be condemned herein is necessary therefor. That said right of way of plaintiff has been located in the manner which will be the most compatible with the greatest public good and the least private injury.

VIII.

That Luigi Marre was the owner of and seized in fee of the strip or parcel of land hereby sought to be taken, and of the larger tract of which it is a part, at the time of his death on the 8th day of February, 1903; that on said date said Luigi Marre died testate in said County and State, leaving a last will and Testament. That on or about March 30, 1903, by an Order of the Superior Court of said County and State, duly given and made, the said Will was admitted to probate. That thereafter, and on or about the 18th day of August, 1905, by another Order of said Court, Gaspar O. Marre was duly appointed Administrator, with the Will Annexed, of the Estate of said Luigi Marre, deceased. That thereafter, and on or about the 18th day of August, 1905, said Gaspar O. Marre duly qualified as such Administrator, with the Will Annexed, by taking the oath and filing the bond required by law and the Order of said Court, and Letters of Administration of said Estate,

with the said will annexed, were thereupon duly issued out of said Court to said Gaspar O. Marre. That said Letters have never been revoked, and are in full force and effect, and said Gaspar O. Marre, is now the duly appointed, qualified and acting Administrator, with the Will Annexed, of the Estate of Luigi Marre, deceased. That ever since the death of said Luigi Marre, deceased, the Estate of said deceased has been and now is the owner of the strip of land hereby sought to be taken, and of the larger tract of which it is a part.

IX.

That defendants, Gaspar O. Marre, Louis J. Marre and Rosa J. Marre, are devisees named in the last Will of said deceased; and that said defendants, as such devisees, claim some interest in and to the strip or parcel of land sought to be taken herein, and in the larger tract of which it is a part.

X.

That defendant, Angela L. Marre, claims some interest in and to the strip or parcel of land sought to be taken in this action and in the larger tract of which it is a part. That the nature and character of such interest is unknown to plaintiff.

XI.

That defendants, John Doe, Richard Roe and Mary Smith, claim some interest in the lands sought to be taken in this action. The nature and character of such interest is unknown to plaintiff. That the true names of said defendants, John Doe, Richard Roe
322 and Mary Smith, are unknown to plaintiff, and plaintiff therefore prays that, when their names be discovered, this complaint be amended by inserting herein their true names.

Wherefore, plaintiff prays that the Court shall ascertain and assess:

1st. The value of the property sought to be condemned and all improvements thereon pertaining to the realty, and of each and every separate estate and interest therein.

2nd. The damage which will accrue to the portion not sought to be condemned of the larger parcel of land of which the land, hereinbefore particularly described, forms a part, by reason of its severance from the portion sought to be condemned and the construction of the improvement in the manner proposed by plaintiff.

3rd. That plaintiff have judgment against defendants, condemning the premises, hereinbefore particularly described, to public use for the purposes hereinbefore set forth, as provided by law, and that thereafter and upon compliance with the requirements of said judgment and the provisions of Title VII of Part 3 of the Code of Civil Procedure, in that behalf contained, a final Order of Con-

demnation of said premises be made and entered herein; and for such other and further relief as may be meet in the premises.

PAUL M. GREGG,
Attorney for Plaintiff.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Giles Kellogg, being first duly sworn, deposes and says: That Producers Transportation Company, the plaintiff named in the foregoing complaint, is a Corporation, and affiant is the Secretary thereof; that he has read said complaint and known the contents thereof and the same is true of his own knowledge, except as to matters which are therein stated on information and belief, and as to those matters that he believes it to be true.

GILES KELLOGG.

Subscribed and sworn to before me this 30th day of November, 1909.

[SEAL.]

GUY W. COLTON,
Notary Public.

323 (Endorsed:) Filed Dec. 15, 1909. H. H. Carpenter.

324 In the Superior Court of the County of San Luis Obispo,
State of California.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff,

vs.

GASPAR O. MARRE, as Administrator with the Will Annexed, of the Estate of Luigi Marre, deceased; Gaspar O. Marre, Louis J. Marre, Rosa J. Marre, Angela L. Marre, John Doe, Richard Roe, and Mary Smith, Defendants.

This cause came on regularly for trial before the Court on the 15th day of December, 1909, a jury having been waived by all parties, plaintiff appearing by its attorneys Paul M. Gregg, William Shipsey and Lewis W. Andrews; defendants, Gaspar O. Marre, as Administrator, with the Will Annexed, of the Estate of Luigi Marre, deceased, and Gaspar O. Marre appearing by his attorney S. V. Wright, and Louis J. Marre, Rosa J. Marre and Angela L. Marre appearing by their attorneys, Lamy & Putnam.

On motion of plaintiff said action was dismissed as to the fictitious defendants John Doe, Richard Roe and Mary Smith.

Plaintiff was allowed to file its amended complaint, and it was stipulated that the answers of defendants should stand as their answers to said amended complaint.

Evidence, oral and documentary, was introduced, and the cause submitted to the Court for its decision, and the Court now finds the following facts: That defendant Rosa J. Marre is a minor, and said Angela L. Marre is the guardian of her person and estate:

That each, every and all of the allegations of plaintiff's amended complaint are true, and each, every and all of the allegations of defendant's answers in denial thereof are untrue.

That the value of the property sought to be condemned and of all improvements thereon pertaining to the realty is Five Hundred (\$500.00) Dollars; that the damage which will accrue to the portion
 325 not sought to be condemned of the larger parcel of land, of which the land described in said complaint forms a part, by reason of its severance from the portion sought to be condemned and the construction of the improvement in the manner proposed by plaintiff is the sum of Five hundred (\$500.00) Dollars.

Conclusions of Law.

That the use to which the land hereinafter described sought to be taken in this proceeding is a public use authorized by law, and that the plaintiff has the right to condemn, take and appropriate said land as a right of way for the construction, maintenance and operation of oil pipe lines by plaintiff as a common carrier for hire, and telephone and telegraph lines (to be used in connection with the business of plaintiff), (provided however that plaintiff shall not fence or otherwise enclose said strip of land, and shall bury and keep buried all pipe to a depth of at least eighteen (18) inches below the surface of the ground where the same passes through tillable lands, and provided further that defendants shall be entitled to use said strip of land for any and all purposes which do not interfere with the construction, operation and maintenance by plaintiff of oil pipe lines therein) upon paying said sum of One thousand (\$1000.00) Dollars. That said defendant Gaspar O. Marre, as Administrator with the Will Annexed, of the Estate of Luigi Marre, deceased, do have and receive from plaintiff the aforesaid sum of One thousand (\$1000.00) Dollars, and upon payment thereof that a final Order of Condemnation of the land hereinafter described for the right of way, as aforesaid, be entered herein, which said strip of land is situated in the County of San Luis Obispo, State of California, and is particularly described as follows, to wit:

A strip of land 22 feet in width, lying 11 feet on each side of the center line, which is described as follows: Commencing at Stake
 326 0 + 00 on the Easterly line of Lot 45 of the Rancho San Miguelito, being also on the Westerly line of the road between Lots 45 and 42 of said Rancho, said stake being distant N. 8 deg. 39' E. 276.2 feet from the intersection of said road line with the fence on the Northerly line of the right of Way of Pacific Coast Railway Company, and running thence S. 86 deg. 11' W. 1312.1 feet to a stake marked 13 + 12.1 near the Northerly fence line of the right of way of Pacific Coast Railway Company; thence S. 45 deg. 43' W. 887.3 feet to a stake marked 21 + 99.4; thence S. 20 deg. 37' E. 689.1 feet to a stake marked 28 88.5; thence S. 19 deg. 52' E. 345.2 feet to a stake marked 32 33.7; thence S. 01 deg. 53' E. 484.5 feet to a stake marked 37 18.2; thence S. 8 deg. 09' E. 1088.6 feet to a stake marked 48 06.8 in the Westerly line

of an 98.78 acre tract of land conveyed by Gaspar O. Marre, as Administrator, with the Will Annexed of the Estate of Luigi Marre, deceased, to Union Oil Company of California by deed dated January 31, 1906, and recorded February 1, 1906, in Vol. 69 of Deeds, pages 22 et seq., San Luis Obispo County Records, said stake being also distant N. 30 $\frac{3}{4}$ deg. E. 230 feet from Post S. 18 of said tract of land, conveyed to Union Oil Company, as aforesaid, said strip or parcel containing 2.427 acres, and being a part of Lot 45, as delineated and so designated upon the map entitled "Map of the Subdivisions of the Rancho San Miguelito, not including lands sold to J. M. Price and John Harford, San Luis Obispo County, California, 1878," a copy of which map is on file in the office of the County Recorder of said County.

Said Telephone and telegraph lines shall be constructed and maintained only along fence lines (except where said telephone and telegraph lines cross San Luis Obispo Creek) in said Lot 45 of said Rancho San Miguelito, instead of along, over and across the strip of land last hereinbefore described.

That none of the parties hereto shall recover judgment for costs. Let Judgment enter accordingly.

Dated, this 18th day of December, 1909.

E. P. UNANGST, *Judge*.

3.

(Endorsed:) Filed December 18th, 1909. H. H. Carpenter, Clerk, by F. J. Rodrigues, Deputy Clerk.

327 In the Superior Court of the County of San Luis Obispo, State of California.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff,

vs.

GASPAR O. MARRE, as Administrator with the Will Annexed of the Estate of Luigi Marre, Deceased; Gaspar O. Marre, Louis J. Marre, Rosa J. Marre, Angela L. Marre, John Doe, Richard Roe, and Mary Smith, Defendants.

This cause coming on regularly for trial before the Court on the 15th day of December, 1909, a jury having been waived by all parties, plaintiff appearing by its attorneys Paul M. Gregg, William Shipsey and Lewis W. Andrews, and defendant Gaspar O. Marre, as Administrator, with the Will Annexed, of the Estate of Luigi Marre, deceased, and Gaspar O. Marre appearing by his attorney S. V. Wright, and Louis J. Marre, Rosa J. Marre and Angela L. Marre, appearing by their attorneys Lamy & Putnam, evidence, oral and documentary, having been introduced, and the cause submitted to the Court for its decision, and the Court having made and filed herein its findings and decision in writing ordering judgment in accordance therewith:

It is therefore ordered, adjudged and decreed that the use to which the land hereinafter described sought to be taken in this proceeding is a public use authorized by law, and that plaintiff has the right to condemn, take and appropriate said land as a right of way for the construction, maintenance and operation of oil pipe lines by plaintiff as a common carrier for hire, and telephone and telegraph lines (to be used in connection with the business of plaintiff), (provided however that plaintiff shall not fence or otherwise enclose said strip of land, and shall bury and keep buried all pipe to a depth of at least eighteen (18) inches below the surface of the ground where the same passes through tillable lands, and provided further that

328 defendants shall be entitled to use said strip of land for any and all purposes which do not interfere with the construction, operation and maintenance by plaintiff of oil pipe lines therein) upon paying the sum of One thousand (\$1,000.00) Dollars. That said Defendant Gaspar O. Marre, as Administrator, with the Will Annexed, of the Estate of Luigi Marre, deceased, do have and receive from plaintiff the aforesaid sum of \$1000.00, and upon payment thereof that a final Order of Condemnation of the land hereinafter described, for the right of way, as aforesaid, be entered herein, in favor of Plaintiff and against said defendants, which said strip of land is situate in the County of San Luis Obispo, State of California, and is particularly described as follows, to wit:

A strip of land 22 feet in width, lying 11 feet on each side of the center line, which is described as follows: Commencing at Stake 0 + 00 on the Easterly line of Lot 45 of the Rancho San Miguelito, being also on the Westerly line of the road between Lots 45 and 42 of said Rancho, said stake being distant N. 8 deg. 39' E. 276.2 feet from the intersection of said road line with the fence on the Northerly line of the Right of Way of Pacific Coast Railway Company, and running thence S. 86 deg. 11' W. 1312.1 feet to a stake marked 13 + 12.1 near the Northerly fence line of the right of way of Pacific Coast Railway Company; thence S. 45 deg. 43' W. 887.3 feet to a stake marked 21 + 99.4; thence S. 20° 37' E. 689.1 feet to a stake marked 28 + 88.5; thence S. 19 Deg. 52' E. 345.2 feet to a stake marked 32 + 33.7; thence S. 01 deg. 53' E. 484.5 feet to a stake marked 37 + 18.2; thence S. 8 deg. 09' E. 1088.6 feet to a stake marked 48 + 06.8 in the Westerly line of an 98.78 acre tract of land conveyed by Gaspar O. Marre, as Administrator, with the Will Annexed, of the Estate of Luigi Marre, deceased, to Union Oil Company of California by Deed dated January 31, 1906, and recorded February 1, 1906, in Vol. 69 of Deeds, pages 22 et seq., San Luis Obispo County Records, said stake being also distant N. 30¾ deg. E. 230 feet from Post S. 18 of said tract of land conveyed to Union Oil Company, as aforesaid, said strip or parcel containing 2.427 acres, and being a part of Lot 45, as delineated and so designated upon the map entitled "Map of the Subdivisions of the Rancho San Miguelito, not including lands sold to J. M. Price and John Harford, San Luis Obispo County, California, 1878," a copy of which map is on file in the office of the County Recorder of said County.

Said Telephone and Telegraph lines shall be constructed and maintained only along fence lines (except where said telephone and telegraph lines cross San Luis Obispo Creek) in said Lot 45 of said Rancho San Miguelito, instead of along, over, and across the strip of land last hereinbefore described.

That none of the parties hereto shall recover judgment for costs.

Dated, this 18th day of December, 1909.

E. P. UNANGST, Judge.

(Endorsed:) Filed and Entered December 18th, 1909. H. H. Carpenter, Clerk, by F. J. Rodrigues, Deputy Clerk. Judgment Book "H" page 262, Judgment No. 4101.

330 STATE OF CALIFORNIA,
County of San Luis Obispo, ss:

I, F. J. Rodrigues, County Clerk of the County of San Luis Obispo, State of California, and ex-officio Clerk of the Superior Court of the State of California in and for said County of San Luis Obispo, hereby certify that I have compared the foregoing and annexed copies with the original:

1. First Amended Complaint (excepting the blue-print map attached thereto, made a part thereof and marked "Exhibit A.");
2. Findings of Fact and Conclusions of Law; and
3. Judgment,

in Action No. 4878 entitled "Producers Transportation Company, a Corporation, Plaintiff, vs. Gaspar O. Marre, as Administrator with the Will Annexed of the Estate of Luigi Marre, deceased, et al., Defendants," and that the same are full, true and correct copies of the same and of the whole thereof as the same appear on file and of record in said proceeding now in my office.

In Witness Whereof, I have hereunto set my hand and the Seal of said Superior Court, this 21st day of February, 1913.

[SEAL.]

F. J. RODRIGUES,

*County Clerk and ex-Officio Clerk of
said Superior Court.*

331 [Endorsed:] No. 4878. In the Superior Court of the State of California in and for the County of San Luis Obispo. Producers Transportation Company, a Corporation, Plaintiff, vs. Gaspar O. Marre, as Administrator with the Will Annexed of the Estate of Luigi Marre, Deceased, et al., Defendants. Certified copies of Complaint, Findings of Fact and Conclusions of Law and Judgment,

L. P. St. Clair, President.
 S. W. Morshead, Vice-President.
 W. L. Stewart, Vice-President.
 E. W. Clark, Manager.
 Giles Kellogg, Secretary.

Directors: L. P. St. Clair, S. W. Morshead, W. L. Stewart, E. W. Clark, Robert Watchorn, Chester W. Brown, Giles Kellogg.

Producers Transportation Company.

Annual Report.

Bakersfield, Cal.,

February 21, 1913.

To the Stockholders of the Producers Transportation Company:

Satisfactory results attended the operation of your property throughout the year 1912. The physical condition of the plant, including pipe lines, storage tanks and pumping stations, has been raised to a state of increased efficiency, and the financial position of the Company has been strengthened. The Directors thus find it possible to announce the beginning of the disbursement of dividends on the capital stock at the rate of six per cent. per annum, the first quarterly payment of one and one-half per cent. to be made in April, 1913. At the same time the necessary funds have been provided for the construction from Junction to Avila, seventy miles, of a second line of eight inch pipe, by means of which the efficiency of the system will be increased.

The Income Account for 1912 is as follows:

Earnings from transportation, storage and miscellaneous sources	\$1,882,021.64
Expenses, including maintenance, transportation, taxes and general expenses	393,749.54
Net Earnings	\$1,488,272.10
Reserve for depreciation	185,080.87
Net Income	\$1,303,191.23
Interest on bonds and floating indebtedness	201,441.50
Surplus	\$1,101,749.73

The surplus income of 1912, as above, shows 15.74 per cent. to have been earned on the \$7,000,000 of capital stock.

All of the surplus revenue of the year (amounting to upward of \$1,100,000) was employed in the reduction of the Company's debts and the acquisition of additional facilities.

333-334 Aside from the capital stock, the total liabilities of the Company on December 31, 1912, amounted to \$3,565,515.13, the items of indebtedness on December 31, 1912, being as follows:

First Mortgage 5% bonds	\$3,150,000.00
Accrued bond interest	63,300.00
Advances from Union Oil Company of California	350,554.75
Accounts Payable	1,660.38
Total Liabilities	\$3,565,515.13

At the close of 1912 the Company's investment in main and gathering pipe lines, pumping stations, storage tanks and telephone and telegraph lines amounted to \$5,307,205, the additions of the year having cost \$529,373. The investment specified is exclusive of rights of way.

The total receipts of oil during the year 1912 from all producing districts served by your lines, amounted to 11,268,899 barrels. Adding to these receipts stocks on hand January 1, 1912, aggregating 8,096,092 barrels, the total amount of oil handled in 1912 was 19,364,991 barrels. Of this total 11,065,942 barrels were delivered to tank steamers at Port San Luis, to refineries and to sundry purchasers, leaving stocks on hand January 1, 1913, in Company's and Union Oil Company's storage adjacent to the lines of the Company, at 8,299,049 barrels.

The Company's main pipe system consists of 200.7 miles of pipe lines from the Coalinga, Sunset and Kern River fields, converging at Junction and running thence to Port San Luis, to which the duplicate trunk line 70 miles long, above mentioned, should now be added.

Within the year a line 13.28 miles in length has been laid from Junction into the Lost Hills territory, and the total length of field lines has been brought up from 62 to 81 miles. A new pumping station has been installed at San Luis Obispo, making the present equipment seventeen stations properly fitted up with modern machinery. The storage tanks number forty-four, all of steel, with a total capacity of 2,140,000 barrels of oil. New oil heaters, water wells, water treating plants, etc., have also been put into service, and it is anticipated by your officers that deliveries will be continued and that receipts of production will be maintained during the coming year, with only reasonable investment in extensions and added facilities, and at no greater rate of expense, to the extent that the net earnings will be as good for 1913 as during the past year.

L. P. ST. CLAIR, *President.*

W. L. STEWART,

General Manager.

- 335 Filed Railroad Commission, State of California, Sep. 16, 1912.
Charles R. Detrick, Sec. Case No. 450. Ex. —.

Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Return and Answer of the Independent Oil Producers Agency.

George W. Lane, Attorney for Independent Oil Producers' Agency.
#1003 Nevada Bank Building, San Francisco, California.

- 336 Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Return and Answer of the Independent Oil Producers Agency, Respondent Herein, to Order to Show Cause.

* Now comes the Independent Oil Producers Agency and enters its appearance herein, and respectfully presents and files this its Return and Answer to the Order to Show Cause issued by the said Railroad Commission in the above entitled case, and issued August 19, 1913.

Offer of This Respondent.

Irrespective of all legal rights involved and without any qualifications whatsoever, this Respondent, Independent Oil Producers Agency hereby tenders to the said Railroad Commission each, every, and all the information, records, papers, data of every kind and character owned or controlled in any manner by this Respondent, including the minutes of the Stockholders' meetings, Directors meetings, and Executive Committee meetings. This Respondent further tenders to the Commission an invitation and request to examine each, any, and all of the officers of this Respondent, and this Respondent waives any and all rights that may be in any

way inconsistent with such examination or investigation. This Respondent further agrees, upon request, to furnish (in addition to the papers already furnished) true and full copies of each
337 and every contract, papers, accounts, vouchers, records (including minutes of meetings) which the Commission may request or desire.

1. This Respondent, Independent Oil Producers Agency, is advised and believes and therefore states that it is not subject in any manner or degree to the jurisdiction of the said Railroad Commission under or by reason of Chapter 327 of the Laws of 1913, of the State of California,—for the reason that it is not a Transportation Company nor in control of transportation facilities.

2. This Respondent, Independent Oil Producers Agency, does not own, or operate, or manage, or control any pipe line or any part of any pipe line, plant or equipment within the State of California, for the transportation of crude oil, petroleum, or the products thereof, either directly or indirectly, or at all.

3. This Respondent, Independent Oil Producers Agency, does not own, or operate, or manage, or control any plant, or facilities, or equipment of any kind for the transportation of crude oil, petroleum or the products thereof, either directly or indirectly.

4. This Respondent, Independent Oil Producers Agency, does not own, or use, or operate, or manage, or control, either directly or indirectly, nor does it participate in the ownership, use, operation, management, or control, directly or indirectly, or under lease, or contract of purchase, or agreement to buy and sell, or other contractual or tacit agreement, or arrangement of any kind or character whatsoever—of any pipe line or pipe lines, or any part of any pipe
338 line or pipe lines, or plant, or equipment, or pipe line system or any part of any pipe line system for the transportation of crude oil, petroleum, or the products thereof within the State of California, whereby or under, or through which, directly or indirectly, this Respondent is enabled to secure, or attempt to secure, or tend to secure the control of, or monopoly of the purchasing of, or the contract of, or the monopoly of the transportation of such crude oil, or petroleum, or the products thereof.

5. This Respondent, Independent Oil Producers Agency, has no interest of any kind whatsoever, contractual or otherwise, in any pipe line or pipe lines or any part of any pipe line or pipe lines, plant or equipment, or pipe line system or any part of any pipe line system, for the transportation of crude oil, or petroleum, or the products thereof—save and except a contractual right to the use of the pipe line system of the Producers Transportation Company, which said Producers Transportation Company is Respondent herein, which contractual right arises under that certain agreement dated the 11th day of June 1909, and made by and between the Independent Oil Producers Agency and S. W. Morshead, which contract was afterward assigned by said S. W. Morshead to the Producers Transportation Company; and also under that certain agreement dated the 11th day of June, 1909, and made by and between the Coalinga Oil

Producers Agency and L. P. St. Clair, and which contract was also afterward assigned by said L. P. St. Clair to the Producers Transportation Company and the obligations of the first party thereunder have been assumed by the Independent Oil Producers Agency, and which contract is identical in its terms with the first mentioned contract, save as to the names of the parties contained therein. A copy

of said contract first mentioned together with a copy of the said assignment thereof, also a copy of the Resolutions of the Executive Committee of this Respondent, and another resolution to-wit:—the Resolution of the Board of Directors of this Respondent, are all filed herewith in one paper writing, designated, "Independent Oil Producers Agency, "Exhibit 7."

6. This Respondent, Independent Oil Producers Agency, is now delivering oil to said Producers Transportation Company for transportation and delivery by said Transportation Company pursuant to said agreement marked "Exhibit 7."

7. This Respondent, Independent Oil Producers Agency, has no other contract, or agreement, or understanding, express or implied, or otherwise, with any other Oil Transportation Company, other than as set forth in the Exhibits hereto attached.

8. This Respondent, Independent Oil Producers Agency, files herewith, in addition to certain contracts to-wit, "Exhibit 7," the following papers and exhibits to-wit:

- Exhibit 1. List of members of this Respondent, as of August 1, 1913, showing actual deliveries of each during July 1913.
- Exhibit 2. Copy of Articles of Incorporation.
- Exhibit 3. Copy of By-Laws.
- Exhibit 4. Copy of Contract endorsed on Stock Certificates preventing transfer thereof.
- Exhibit 5. Copy of Sale Contract in the original form entered into by members of the Agency.
- Exhibit 6. Copy of Sale Contract amended so as to conform with the obligation respecting "Certificated Oil."
- Exhibit 7. Copy of Pipage & Transportation Contract dated June 11, 1909, heretofore referred to.
- Exhibit 8. Copy of Contract for Pipage & Transportation made between the different producing companies and L. P. St. Clair, et al., and assigned by second parties thereto to the Producers Transportation Company, also a list of producing companies signing such contract.
- Exhibit 9. Copy of Contract for pipage and transportation made between the different producing companies and the Producers Transportation Company, also list of producing companies signing such contract.
- Exhibit 10. Copy of resolution adopted by the Board of Directors of the Independent Oil Producers Agency at its meeting held June 23, 1909, in the matter of the proposal of the Union Oil Company to join the Agency.

- Exhibit 11. Copy of Marketing Agreement entered into between this Respondent and Coalinga Oil Producers Agency parties of the first part and the Union Oil Company of California party of the second part under which this Respondent markets most of its oil.
- Exhibit 12. Copy of Contract between the California Coalinga Oil Company and the Union Oil Company of California dated December 30, 1909.
- Exhibit 13. Copy of Contract between the Nevada Petroleum Company and the Union Oil Company of California dated February 17, 1910.
- Exhibit 14. Copy of Memorandum of Understanding with the American Oilfields Company and others dated April 20, 1910.
- Exhibit 15. Copy of Contract between the American Oilfields Company and the Union Oil Company of California dated May 20, 1910, conforming to "Exhibit 14."
- Exhibit 16. Copy of a portion of the minutes of the Board of Directors of the Independent Oil Producers Agency authorizing the making of contract "Exhibit 14."
- Exhibit 17. Copy of contract between this Respondent and the Union Oil Company of California covering the assignment of contracts "Exhibits 12, 13 & 15."
- Exhibit 18. Copy of a portion of the minutes of the Board of Directors of the Independent Oil Producers Agency ratifying and approving contracts "Exhibits 12, 13 & 15" and authorizing the execution of contract "Exhibit 16."
- Exhibit 19. Copy of Contract dated September 27, 1910, entered into between this Respondent and the Union Oil Company of California parties of the first part and the Associated Oil Company party of the second part, for the temporary marketing of the surplus oil of this Respondent over and above the oil marketed by said Union Oil Company of California under "Exhibit 11."
- 341
- Exhibit 20. Copy of Contract dated September 27, 1910, entered into between this Respondent and the Union Oil Company of California parties of the first part, and the Associated Oil Company party of the second part, for the sale of from one to five thousand barrels of oil per day.
- Exhibit 21. Copy of Agreement between this Respondent and the Union Oil Company of California dated September 27, 1910 agreeing to the execution of the two last mentioned contracts "Exhibits 19 & 20."
- Exhibit 22. Copy of proposal of the Union Oil Company of California in the matter of certifying stored oil; waiving storage charges thereon and agreeing to guarantee certificates.

- Exhibit 23. Copy of Contract between this Respondent and the Union Oil Company of California covering the issuance of Participation Certificates on stored oil and otherwise conforming with "Exhibit 22."
- Exhibit 24. Copy of Contract between this Respondent and the Union Oil Company of California further dealing with the issuance of Participation Certificates and reciting among other things that no new members may be taken into the Agency without the consent of the Union Oil Company of California.
- Exhibit 25. Copy of Letter Contract dated December 27, 1912 in which the Union Oil Company of California proposes that the Agency take additional members into its organization and undertake to assume for a period of one year any burdens that may be occasioned the then existing members.

Respectfully submitted.

INDEPENDENT OIL PRODUCERS AGENCY,
By L. P. ST. CLAIR, *President*.
GEORGE W. LANE,
Atty. for Independent Oil Producers Agency.

342 STATE OF CALIFORNIA,
City and County of Los Angeles, ss:

L. P. St. Clair, being first duly sworn, deposes and says that he has read the foregoing Answer of the Independent Oil Producers Agency to the Order to Show Cause of the Railroad Commission; that he knows the contents of said Answer and that the same is true of his own knowledge, except as to the matters and things therein stated on his information or belief, and as to those matters he believes it to be true.

L. P. ST. CLAIR.

Subscribed and sworn to before me this 15 day of Sept., 1913.

[NOTARIAL SEAL.]

H. L. FOSTER,
*Notary Public in and for the City and
County of Los Angeles, California.*

My commission expires March 27, 1917.

343

"EXHIBIT 1."

344 *Members of the Independent Oil Producers Agency as of August 1, 1913, Showing Actual Deliveries of Each Company During the Month of July, 1913.*

	Barrels.
Acme Development Company	1,254.35
Amazon Oil Company	4,556.70
American Crude Oil Company	6,100.22
American Oilfields Company	233,170.13
American Petroleum Company .....	.....
Amy Oil Company	1,733.49
Alberta Midway Oil Company	2,717.58
Aladin Oil Company .....	.....
Arizona Petroleum Company	2,968.33
Angelus Oil Company .....	.....
Brad Oil Company	1,061.77
British Consolidated Oil Corp. Ltd.	6,441.80
Boychester Oil Company .....	.....
Best Yet Oil Company .....	.....
B. and B. Oil Company	25,481.78
Boston Pacific Oil Company	1,635.92
Boston Petroleum Company	3,365.15
B. H. C. Oil Company .....	.....
Black Jack Oil Company	1,011.28
Berry & Keller	34,184.30
Calloma Oil Company	5,563.95
California King Oil Company .....	.....
Canadian Queen Oil Company .....	.....
Cheney-Stimson Oil Company	9,245.58
California Seaboard Oil Company .....	.....
Coalinga Four Oil Company .....	.....
Coalinga Petroleum Company	2,698.80
Coalinga National Petroleum Company ..	.....
Coalinga Security Oil Company .....	.....
Coalinga Homestake Oil Company	941.99
Coalinga Unity Oil Company .....	.....
Coalinga South Pole Oil Company .....	.....
Coalinga Enterprise Oil Company .....	.....
Confidence Oil Company	1,588.80
Call Oil Company	2,665.01
Cremo Petroleum Company .....	.....
Circle Oil Company .....	.....
Cosmo Oil Company .....	.....
Carbo Petroleum Company	7,943.46
Combined Oil Company	3,858.32
Clampitt, E. A.	3,220.40
Dunlop Oil Company	7,211.06
Del Rey Oil Company	6,120.52
Dillon Oil Company	871.70

	Barrels.
De Luxe Oil Company .....	.....
Dominion Oil Company	9,062.69
345 E. P. T. Oil Company	1,340.32
Exploration Oil Company .....	.....
Expansion Oil Company .....	.....
Esperanza Oil & Gas Company	7,837.04
East Puente Oil Company	29,377.73
Emerald Oil Company .....	.....
Eldorado Oil Company	2,093.46
Euclid Oil Company	1,274.68
Eastern Consolidated Oil Company .....	.....
Equality Oil Company	266.59
Ethel D. Oil Company	19,141.08
Essex Oil Company .....	.....
Empire Oil Company .....	.....
Federated Oil Company	933.98
Fox and Garrett Oil Company	3,197.09
Fortuna Oil Company .....	.....
Fox Oil Company	7,014.84
Fairfield Oil Company	3,813.06
Globe Oil Company	495.53
G. M. B. Oil Company .....	.....
Hawkeye Oil Company .....	.....
Hondo Oil Company	14,308.54
Homer Oil Company	5,083.28
Illinois Crude Oil Company	2,645.86
Junction Oil Company	4,602.85
Jewett Oil Company	8,724.96
Jackson Oil Company .....	.....
Johnson Oil Company .....	.....
January Oil Company .....	.....
Indian & Colonial Development Co. Ltd.	27,647.27
Knob Hill Oil Company	7,556.47
Kern Sunset Oil Company .....	.....
K. R. W. Oil Company .....	.....
Kern Four Oil Company	6,960.96
Lakeview Oil Company	3,663.14
Los Angeles Kern Oil Company	2,682.00
March Oil Company	1,630.31
March Oil Company (Lease No. 2)	1,714.31
Miocene Oil Company .....	.....
M. G. & P. Oil Company .....	.....
Manley, F. J. and McGinn, Jno. L.	9,030.67
Midway Peerless Oil Company	8,552.54
Mahaska Oil Company	3,759.95
Muscatine Oil Company	4,478.82
Merrill Crude Oil Company .....	.....
May Oil Company	5,082.81
Madison Oil Company .....	.....
Mecca Oil Company	9,248.63

	Barrels.
McCutchen Brothers .....	.....
Melwood Petroleum Company	753.12
Manhattan Midway Oil Company .....	.....
Maricopa National Petroleum Company	3,287.96
Midway Union Oil Company .....	.....
M. P. Oil Company	2,432.61
M. K. & T. Oil Company .....	.....
Marengo Oil Company .....	.....
Marian Oil Company .....	.....
Mercantile Crude Oil Company	4,317.46
346 Nevada County Oil Company	5,650.22
Nevada Petroleum Company	73,617.46
New S. F. Crude Oil Company	1,482.58
Norse Oil Company .....	.....
Olig Crude Oil Company	6,124.73
Ojai Valley Petroleum Company	1,332.97
Overland Oil Company .....	.....
Oil and Investment Company .....	.....
Ozark Oil Company	3,016.25
Oil Exploration Company	2,877.95
Premier Oil Company	9,734.03
Pacific States Petroleum Company .....	.....
Pleasant Valley Farming Company	5,159.12
Pilot Oil Company	2,351.17
Patricia Oil Company	5,115.52
Pricewell Oil Company	2,414.78
Parker, M. C.	3,044.29
Potomac Oil Company	1,633.30
Provident Midway Oil Company .....	.....
Penn Midway Oil Company .....	.....
Pacific Midway Oil Company .....	.....
Paraffine Oil Company	12,916.11
Queen Oil Company	804.59
Revenue Oil Company .....	.....
Republic Oil Company .....	.....
Rambler Oil Company	5,638.30
Sesame Oil Company	150.62
Snook Walter	1,347.49
S. Clair & Jastro	3,058.76
St. Clair, L. P. Oil Company	1,256.01
San Francisco-McKittrick Oil Company	23,134.77
Section Six Oil Company	1,470.83
Shear Petroleum Company .....	.....
S. W. & B. Oil Company	1,723.42
Seneca Oil Company	1,949.78
Silver Tip Oil Company	998.01
Shawmut Oil Company	4,416.48
Spinks Crude Oil Company	4,105.91
St. Paul Consolidated Oil Company	5,877.18
Strong Oil Company .....	.....

	Barrels.
Shandon Oil Company .....	.....
Security Development Company	2,628.86
Safe Oil Company .....	.....
Tejon Oil Company	11,646.54
Templor Ranch Oil Company .....	.....
Tannehill Oil Company	2,376.02
Trader Oil Company .....	.....
Twenty-Two Oil Company .....	.....
T. W. Company	10,094.57
Traffic Oil Company	2,710.16
Traders Oil Company	42,885.49
United Crude Oil Company	291.98
United Development Company .....	.....
U. S. Oil & Mining Company	992.13
Valley Oil Company .....	.....
Vesta Oil Company .....	.....
Victor Oil Company	1,248.41
347 Union Oil Company of California	891,628.70
Ward Oil Company	6,256.74
Warren Oil Company .....	.....
Wrenn Oil Company	1,274.69
W. T. & M. Company	7,232.10
Wilbert Oil Company	11,789.53
York Coalinga Oil Company	1,291.73
Yellowstone Oil Company	7,283.22
Zier Oil Company .....	.....
Cousins Oil Company .....	.....
Ruby Oil Company .....	.....
Canadian Pacific Oil Company	8,912.90
Olinda Land Company	10,000.00
Stephens Lease	3,577.72
	<hr/>
	1,818,149.12

348

"EXHIBIT 2."

349 *Articles of Incorporation of Independent Oil Producers Agency.*

Know All Men by These Presents that we, the undersigned, a majority of whom are citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California;

And we do hereby certify

First.

That the name of said corporation shall be Independent Oil Producers Agency.

Second.

That the purposes for which said corporation is formed are:

(1st.) To buy, lease, and otherwise acquire, to hold and own, manage, operate, improve, develop and sell lands, mining claims, mineral rights, oil wells and other real estate, and interests and rights in and to any of said properties.

(2nd.) To engage in and carry on the business of drilling and exploring for oil, producing, refining, distilling, treating, manufacturing, piping, carrying, handling, storing, dealing in, buying and selling oils, petroleum, natural gas, asphaltum, bitumen, bituminous rock, and other minerals and hydrocarbon and any other subterranean substances, and for such purposes, to buy, rent, lease and otherwise acquire, hold, own, manage and operate refineries, pipe lines, tanks, manufacturies, machinery, tank cars, warehouses and other works, property and appliances that may be incidental or auxiliary to said business, or that may be deemed necessary or convenient by the Board of Directors.

(3rd.) To take and acquire by purchase, exchange or other lawful methods, and to hold, own, sell and otherwise dispose of the capital stock and bonds of this and other corporations.

350 (4th.) To establish and carry on agencies, offices, warehouses, docks, stores, storage tanks and houses, and to sell articles and products manufactured by itself or other persons in California and other states and territories of the United States and in foreign countries, and generally to transact, carry on, and perform all such other business operations as are germane or incidental to any of the purposes above mentioned.

(5th.) To make, execute and issue promissory notes and bonds as well as all other evidences of indebtedness; to hypothecate and to deed in trust as security all kinds of real and personal property; to mortgage and to deed in trust as security real property; and appurtenances; to mortgage and to pledge all kinds of personal property; to create by contract all kinds and forms of liens upon real property and also upon personal property.

Third.

That the place where the principal place of business of said corporation is to be transacted is Bakersfield, State of California.

Fourth.

That the term for which said corporation is to exist is fifty years from and after the date of its incorporation.

Fifth.

That the number of directors of said corporation shall be 35, and that the names and residences of the directors or trustees, who are

appointed for the first year, and to serve until the election and qualification of such officers, are as follows, to-wit:

[On left margin.] (Since changed to 150.)

Names.	Whose residence is at—
T. Spellacy	Bakersfield, Cal.
T. Earley	Pasadena, Cal.
W. B. Robb	Bakersfield, Cal.
A. H. Liscomb	Bakersfield, Cal.
F. F. Weed	San Francisco, Cal.
W. S. Morton	Bakersfield, Cal.
A. J. Wallace	Los Angeles, Cal.
M. V. McQuigg	Monterey, Cal.
W. W. Stevenson	Bakersfield, Cal.
C. H. Ritchie	Bakersfield, Cal.
James F. Ker	Pasadena, Cal.
L. P. St. Clair, Jr.	Bakersfield, Cal.
S. P. Wible	Bakersfield, Cal.
W. H. Hill	Bakersfield, Cal.
G. J. Planz	Bakersfield, Cal.
Lesser Hirschfeld	Bakersfield, Cal.
W. A. Ferguson	Bakersfield, Cal.

351

E. E. Jones	Bakersfield, Cal.
C. C. Bowles	Bakersfield, Cal.
J. F. Lucey	Bakersfield, Cal.
Thomas M. Gardiner	Oakland, Cal.
L. Woodbury	San Francisco, Cal.
E. Denicke	San Francisco, Cal.
J. B. Batz	Bakersfield, Cal.
F. P. Fuller	Oakland, Cal.
T. O. Turner	Bakersfield, Cal.
C. A. Barlow	Bakersfield, Cal.
F. N. Scofield	Kern City, Cal.
H. A. Jastro	Bakersfield, Cal.
J. Benson Wrenn	Bakersfield, Cal.
W. D. Young	San Francisco, Cal.
Geo. W. Lane	Bakersfield, Cal.
T. V. Doub	Bakersfield, Cal.
L. E. Doan	Bakersfield, Cal.
E. Dinkelspiel	Bakersfield, Cal.

Sixth.

That the amount of the capital stock of said corporation is one hundred thousand dollars (\$100,000), and the number of shares into which it is divided is one thousand (1000) of the par value of one hundred dollars (\$100) each.

Seventh.

That the amount of said capital stock which has been actually subscribed is thirty-five hundred dollars, and the following are the names of the persons by whom the same has been subscribed, and the amount subscribed by each of them is, to-wit:

Names of subscribers.	Number of shares.	Amount.
T. Spellacy	one	\$100
T. E. Earley	one	\$100
W. B. Robb	one	\$100
A. H. Liscomb	one	\$100
F. F. Weed	one	\$100
W. S. Morton	one	\$100
A. J. Wallace	one	\$100
M. V. McQuigg	one	\$100
W. W. Stevenson	one	\$100
C. H. Ritchie	one	\$100
James F. Ker	one	\$100
L. P. St. Clair, Jr.,	one	\$100
S. P. Wible	one	\$100
W. H. Hill	one	\$100
G. J. Planz	one	\$100
Lesser Hirschfeld	one	\$100
W. A. Ferguson	one	\$100
E. E. Jones	one	\$100
C. C. Bowles	one	\$100
W. D. Young	one	\$100
J. F. Lucey	one	\$100
Thos. M. Gardiner	one	\$100
L. Woodbury	one	\$100
E. Denicke	one	\$100
352		
J. B. Batz	one	\$100
F. P. Fuller	one	\$100
T. O. Turner	one	\$100
C. A. Barlow	one	\$100
F. N. Scofield	one	\$100
H. A. Jastro	one	\$100
J. Benson Wrenn	one	\$100
Geo. W. Lane	one	\$100
T. V. Doub	one	\$100
L. E. Doan	one	\$100
E. Dinkelspiel	one	\$100

In witness whereof, we have hereunto set our hands and seals this 21st day of October A. D. 1904.

T. SPELLACY.	[SEAL.]
W. S. MORTON.	[SEAL.]
T. EARLEY.	[SEAL.]
A. H. LISCOMB.	[SEAL.]
F. F. WEED.	[SEAL.]
W. B. ROBB.	[SEAL.]
A. J. WALLACE.	[SEAL.]
M. V. McQUIGG.	[SEAL.]
W. W. STEVENSON.	[SEAL.]
C. H. RITCHIE.	[SEAL.]
JAMES F. KER.	[SEAL.]
L. P. ST. CLAIR, JR.	[SEAL.]
S. P. WIBLE.	[SEAL.]
W. H. HILL.	[SEAL.]
G. J. PLANZ.	[SEAL.]
LESSER HIRSCHFELD.	[SEAL.]
W. A. FERGUSON.	[SEAL.]
E. E. JONES.	[SEAL.]
C. C. BOWLES.	[SEAL.]
J. F. LUCEY.	[SEAL.]
THOS. M. GARDINER.	[SEAL.]
L. WOODBURY.	[SEAL.]
E. DENICKE.	[SEAL.]
J. B. BATZ.	[SEAL.]
F. P. FULLER.	[SEAL.]
T. O. TURNER.	[SEAL.]
C. A. BARLOW.	[SEAL.]
F. N. SCOFIELD.	[SEAL.]
H. A. JASTRO.	[SEAL.]
J. BENSON WRENN.	[SEAL.]
W. D. YOUNG.	[SEAL.]
GEO. W. LANE.	[SEAL.]
T. V. DOUB.	[SEAL.]
L. E. DOAN.	[SEAL.]
E. DINKELSPIEL.	[SEAL.]

(Duly acknowledged.)

Indorsed as follows: "Filed in the office of the County Clerk of Kern County, State of California, this 2d day of Nov. 1904. (Signed) J. L. Miller, County Clerk."

353

"EXHIBIT 3."

354

By-Laws of Independent Oil Producers Agency.

May First, Nineteen Twelve.

355

By-Laws of Independent Oil Producers Agency.

May First, Nineteen Twelve.

356

Article First.

Stockholders.

The subscribers to the Capital Stock of this Corporation shall be bona fide oil producers who shall have entered into a contract with this corporation covering their land and its oil, in form approved by this corporation. Said subscribers may subscribe for and hold stock either directly or through trustees designated by them in writing. No subscription shall be received from any producer for more than one share of stock. No transfer of stock whether to a new owner or to a new trustee, shall be made unless the name of the person to whom said transfer is to be made shall have first been submitted to the Board of Directors of this corporation and approved by them, and said transferee shall have signed these By-Laws and also the agreements on the back of the stock certificates of this corporation and thereby have become subject to said By-Laws and said agreements. No transfer of stock shall be made upon the books of the corporation until the above provisions have been complied with and no transfer of stock shall be valid until the same shall have been entered on the books of the corporation, so as to show the names of the parties by and to whom transferred, the number or condition of shares and the transfer. No transfer of stock shall be made upon the books of the corporation until after the payment of all claims, assessments made or imposed thereon, and all indebtedness due the corporation by the person in whose name the stock stands on the books of the corporation, and also the payment of all claims, assessments and indebtedness due the corporation by the beneficial owner of said stock in case it be held by a trustee. No transfer shall be made without the surrender of the certificate to this corporation. Upon such surrender the word "cancelled" shall be written upon the face of the certificate by the secretary, and the signatures of the officers shall be erased, and such certificates shall be preserved by pasting same to the stub from which it was torn, in the certificate book. The transfer book shall be closed for ten days next preceding the annual election of Directors.

This By-Law is for the benefit of each and all of the stockholders and also for the benefit of the corporation, and shall be printed in full on the back of every certificate of stock issued by this corpora-

tion, and every person receiving any such certificate shall be required to sign an agreement on said certificate, accepting these provisions and taking said stock as subject to them, which agreement shall be as follows:

I hereby accept this certificate of stock, subject to the By-Laws and Articles of Incorporation of this corporation, and especially as subject to the above By-Law which I have read and hereby accept and consent to.

Dated ———, ———.

Article Second.

Directors.

The corporate powers of the corporation shall be vested in a Board of Directors, who shall be elected by the stockholders at each annual meeting to serve for one year and until their successors are elected. Their term of office shall begin immediately upon their election.

358

Qualifications of Directors.

No one shall be eligible for election or to act as a Director for this Company unless (1) he shall be a stockholder therein, and also shall have entered into a contract with the Agency covering his land and the oil thereof in form approved by the Agency; or unless (2) he shall be a Trustee for a party having both of the above qualifications. The said qualifications are continuing in their character, and the eligibility and election of such Directors shall be conditional upon the continuous possession of such qualifications. In case any person, being a Director shall cease to possess any of the above qualifications, he shall ipso facto immediately cease to be a Director, and the office held by him shall thereupon immediately become vacant. Any and all vacancies on the Board shall be filled by the Board of Directors in office, and the parties so elected shall hold office until the stockholders shall have elected a successor and he shall have qualified. This power shall be a continuing one, to be used as often as necessary.

Power of Directors.

The Directors shall have power:

1st. To appoint and remove at pleasure all officers, agents and employees of the corporation, prescribe their duties, fix their compensation and require from them such security for faithful service as the Board of Directors may deem necessary.

2nd. To conduct, manage and control the business of the corporation and to make rules and regulations, not inconsistent with the laws of the State of California or of the United States or the By-Laws of the corporation, for the guidance of the officers and management of the affairs of the corporation.

3rd. The Board of Directors shall have the power to ap-

359 portion and divide all orders for oil received by the corporation among the various oil operators or producers holding, or who may from time to time hold licenses, leases, agreements or contracts from, under or with the corporation, and such apportionment shall be on the basis of an equitable pro rata. They shall also have power, from time to time, to determine the proper pro rata of oil to be received from each and every such operator or producer.

4th. The Board of Directors shall have power, from time to time, to determine what, if any, proportion of oil received, or under contract to be received, by the Agency, shall be stored or set aside for future use, and the time, terms and conditions of such storage or reservation. In this connection, they shall have power to issue certificates or other contracts representing such oil, or an interest therein, in such form and of such import as may be deemed advisable.

5th. The Directors shall have power from time to time, to authorize and empower and direct the Executive Committee to do any act or acts which are within the power of the Board of Directors itself, provided such act or acts can lawfully be performed otherwise than by the direct action of the Board of Directors itself.

The Board of Directors shall likewise have power to revoke such authority or direction at any time or times it sees fit.

All powers granted to the Directors by this article, or otherwise by these By-Laws, shall be deemed a continuing power unless otherwise expressly stated.

360

Duty of Directors.

It shall be the duty of the Directors:

1. To supervise all officers, agents and employees and see that their duties are properly performed.

2. To cause to be kept a complete record of all their minutes and acts and the proceedings of the stockholders and present a full statement at the regular annual meeting of the stockholders, showing in detail the assets and liabilities of the corporation, and generally the condition of its affairs. A similar statement shall be presented at any other meeting of the stockholders when thereto requested by persons holding at least one-half of the capital stock of the corporation.

3. To provide for an auditing committee of three members, who shall examine and verify the reports of the secretary and other officers and report at each regular meeting of the Board. Members of the executive committee shall not be eligible for membership on such auditing committee.

In the event that one-third of the Directors present at any meeting file with the President and Secretary during such meeting, written notice that it is their wish that any motion or resolution passed or considered at such meeting be referred or held over to another meeting of the Directors, such motion or resolution shall be laid over and held in abeyance until the next meeting of the Directors, and it shall be the duty of the Secretary to notify each Director that such motion or resolution will be a special order for the next meeting. Provided,

however, that the power so granted shall not be so exercised as to hold any motion or resolution over more than one meeting.

361

Article Third.

Officers.

The officers shall be a President, a Vice-President, a Secretary and a Treasurer—all of whom shall be elected by the Board of Directors from among their own number, and shall hold office and be removable at the pleasure of said Board.

Article Fourth.

President.

The Board of Directors shall at their first regular meeting elect one of their members to act as President, who

(1) Shall preside over all meetings of the stockholders and Directors and executive committee, and shall have the casting vote.

(2) He shall sign as President all certificates of stock and all contracts, leases, licenses, agreements and other instruments in writing, as directed by the Board of Directors.

If at any time the President shall decline or be unable to act in any of the capacities above set forth, or any other imposed by law or by these By-Laws, then and in such event the Vice-President shall take his place and perform such duties. And in the event that both President and Vice-President shall decline or be unable to act, then the Executive Committee shall appoint some Director to act temporarily instead.

Article Fifth.

Secretary.

1st. It shall be the duty of the Secretary to keep a record of all the proceedings of the Board of Directors, the Executive Committee, and of the Stockholders.

2nd. He shall keep the seal of the corporation, the book of blank certificates, fill out and countersign all certificates issued.

3rd. He shall keep all proper books and records provided
362 for by law and such others as may be required by the Board of Directors.

4th. He shall serve or cause to be served all notices required either by law or the By-Laws of the corporation; and in case of his absence or inability or refusal or neglect to do so, then such notice may be served by any person thereunto directed by the President or the Vice-President of the corporation.

Article Sixth.

Treasurer.

The Treasurer shall receive and keep all the funds of the corporation in a bank or banks to be designated by the Directors, and pay these out only in the mode prescribed by the By-Laws.

Article Seventh.

Executive Committee.

The President, the Vice-President, the Secretary and the Treasurer, and eleven additional members selected by the Board of Directors from among their own number, shall constitute the Executive Committee, which committee shall have such duties as are imposed by these By-Laws, and such additional duties as may be imposed by the Board of Directors.

The Executive Committee may at its option declare vacant and vacate the position of any member of said committee when in its judgment said member is not giving to the affairs of the Agency the time and attention necessary to attend with reasonable regularity the stated monthly meetings.

Vacancies shall be filled by the remaining members of the Committee, and such appointees shall hold until the Board of Directors shall have selected persons to fill such vacancies, and they shall have qualified.

363

Article Eighth.

Books and Papers.

The books and such papers as may be placed on file by the stockholders or Board of Directors shall at all times, during business hours, be subject to the inspection of any stockholder.

Article Ninth.

Certificates of Stock.

Certificates of stock shall be of such form and device as the Board of Directors may direct and shall be signed by the President and counter-signed by the Secretary. Such certificates shall state the stock represented thereby is non-transferable save in accordance with the By-Laws of this corporation.

Article Tenth.

Notices.

All notices provided for in these By-Laws or in any lease, license or agreement made subject thereto, which may be required to be served upon stockholders, Directors, officers or operators, shall be so served by leaving a written or printed notice at the last known place of business or residence of such stockholder, Director, officer or operator; provided that such notice may be served by mailing the same at the principal place of business of the corporation or any office or branch office of the corporation, scaled and fully prepaid and addressed to the stockholder, Director, officer or operator at his last known place of business or residence. And it shall be the duty of each stockholder, Director, officer or operator, to furnish to and file with the secretary from time to time a written statement setting forth the names and addresses to which he desires such notice to be mailed or at which he desires such notices to be left; and such notice
364 being so mailed or left the Directors, stockholders, officers and operators, shall be deemed duly notified, and shall be estopped from denying due service of such notice.

Article Eleventh.

Meetings.

The annual meeting of the Stockholders shall be held in the place designated as the principal place of business of the corporation, on the second Wednesday of the month of April of each year, and at the hour of one o'clock p. m.

The President shall call Special Meetings of the Stockholders at the written request of one-quarter of all the stockholders, and notice thereof shall be given seven days in advance of the date of such meeting in the manner provided in these By-Laws.

Meetings of the stockholders may also be held at any time and place, without notice, Provided all of the stockholders are present and consent thereto, either in person or by proxy.

Regular meetings of the Board of Directors shall be held immediately after the adjournment of the meeting of the stockholders at which they shall have been elected, without further notice, and also upon the second Wednesday of January, April, July and October, of each year, at the hour of 1:30 o'clock p. m., at the office of the corporation at its regular place of business, and notice of such regular meetings shall be given by written or printed notice mailed to or left at, the address of the Directors, five days in advance of the date of such meeting, in the manner hereinbefore set forth.

The President shall call Special Meetings of the Board of Directors upon the written request of one-quarter of the members thereof, notice of such meeting to be given seven days in advance of the

365 date of said meeting in the manner provided in the By-Laws. Regular meetings of the Executive Committee shall be held upon the second Wednesday of each month at the hour of ten o'clock a. m. at such place as they may determine, without further notice.

The President shall call Special Meetings of the Executive Committee at his pleasure and also upon the written request of two members thereof, notice of such meetings to be given three days in advance of the date set for said meetings in the manner provided in these By-Laws.

Meetings of the Directors or the Executive Committee may also be held at any time or place; Provided all of them shall be present and consent thereto.

At any and all meetings of the directors such stockholders as so desire may attend and shall be permitted to engage in the discussion of all matters lawfully before the directors for discussion. All stockholders shall receive the same notice of directors' meeting as will be given directors.

Article Twelfth.

Quorum.

A quorum at all meetings provided for in these By-Laws shall consist of a majority of those stockholders or Directors or officers entitled to participate in such meeting and except when herein otherwise specified or otherwise required by law, a majority of those legally present and entitled to vote shall control. In case of a tie vote, the presiding officer shall be entitled to the casting vote.

366

Article Thirteenth.

Checks.

Unless otherwise ordered by the Executive Committee, checks, drafts and similar papers shall be signed by the President or the Vice President and also by the Secretary, and counter-signed by the Treasurer, or they shall be signed by any three of said four officers. In case of the absence of any of said officers, he may authorize an assistant in the office of the corporation, to sign for him by leaving on file with the Secretary a written letter of authority in that behalf.

Article Fourteenth.

Amendments.

The By-Laws may be altered or amended in any manner provided by the laws of the State of California.

Seal.

The corporation shall have a common seal of such device as may be adopted by the Board of Directors.

Article Fifteenth.

By-Laws Contract.

The signature to these By-Laws by any stockholder shall be deemed to be the execution of a contract on his part to abide by the provisions thereof.

Know All Men by These Presents: That we, the undersigned, hereby consent to be bound by the foregoing By-Laws, and agree to each and all of their provisions; and further, we adopt the same as the By-Laws of said corporation.

367

"EXHIBIT 4."

368

Article 1.

Stockholders.

The subscribers to the Capital Stock of this corporation shall be bona fide oil producers, who shall have entered into a contract with this corporation covering their land and its oil, in form approved by this corporation. Said subscribers may subscribe for and hold stock either directly or through trustees designated by them in writing. No subscription shall be received from any producer for more than one share of stock. No transfer of stock, whether to a new owner or to a new trustee, shall be made unless the name of the person to whom said transfer is to be made shall have first been submitted to the Board of Directors of this corporation and approved by them, and said transferee shall have signed these By-laws, and also the agreement on the back of the stock certificates of this corporation, and thereby have become subject to said By-laws and said agreement. No transfers of stock shall be made upon the books of the corporation until the above provisions have been complied with, and no transfer of stock shall be valid until the same shall have been entered on the books of the corporation, so as to show the name of the parties by and to whom transferred, the number or condition of shares and the transfer. No transfer of stock shall be made upon the books of the corporation until after the payment of all claims, assessments made or imposed thereon, and all indebtedness due the corporation by the person in whose name the stock stands on the books of the corporation, and also the payment of all claims, assessments and indebtedness due the corporation by the beneficial owner of said stock in case it be held by a trustee. No transfer can be made without the surrender of the certificate to this corporation. Upon such surrender, the word Canceled shall be written upon the face of the certificate,

by the secretary, and the signatures of the officers shall be erased, and such certificate shall be preserved by pasting the same to the stub from which it was torn, in the certificate book. The transfer book shall be closed for ten days next preceding the annual election of Directors.

This By-law is for the benefit of each and all of the stockholders and also for the benefit of the corporation, and shall be printed in full on the back of every certificate of stock issued by this corporation, and every person receiving any such certificate shall be required to sign an agreement on said certificate, accepting these provisions and taking said stock as subject to them.

The undersigned hereby accepts said certificate of stock, subject to the By-laws and Articles of Incorporation of said corporation, Independent Oil Producers Agency, and especially as subject to the above By-law, which have been read and are hereby accepted and consented to. Said certificate of stock is issued to Trustee, and numbered The above and foregoing contract, and this acceptance thereof may be pasted upon or attached to the back of, and shall be a part of said certificate of stock.

By _____,
 _____,
Its President, and
 _____,
Its Secretary.

_____, *Trustee.*

For Valuable Consideration, The undersigned hereby agrees that the Independent Oil Producers Agency, hereinafter called the Agency, is given the option to purchase the stock evidenced hereby at any time prior to January 1st, 1920. If the Agency elects to exercise the option, it shall give, or tender in writing or otherwise, in exchange for the stock a sum equal to the amount of money which may be owing from the Agency to the beneficial owner under and by virtue of contracts in writing existing between the two, after deducting all amounts due or to become due the Agency from the holder or the beneficial owner under and by virtue of any written contract or of the By-laws of the Agency. And the undersigned, holder of the Certificate, hereby agrees for himself and all his successors in interest therein to transfer, sell and deliver to the said Agency, on the said terms, this Certificate and the shares of stock evidenced by it, and all rights which may have arisen.

By _____,
 _____,
Its President, and
 _____,
Its Secretary.

_____, *Trustee.*

Received from the Independent Oil Producers Agency, Certificate of Stock No. —, for — share, this — day of — 191—, subject to

By-laws and all matters printed on or pasted or attached to the back of said Certificate.

By — — — — —,
Its President, and
 — — — — —,
Its Secretary.

— — — — —, *Trustee.*

— — — — —, 191—.

I hereby tender my Resignation as a Director of the Independent Oil Producers Agency, a corporation, to take effect at the pleasure of the Executive Committee of said corporation, and I hereby waive any rights I may have because of stock issued to me by said corporation, and waive any and all other rights regarding said corporation whatsoever.

— — — — —, *Trustee.*

369

"EXHIBIT 5."

370 *Contract for Pipeage & Transportation of Oil and Sale Contract Independent [Coalinga] Oil Producers Agency of California.*

371

Sale Contract.

All Land Included. Existing Contracts.

This Agreement, made the — day of — 1909.

By and between — — — — — copartners doing business under the *the* firm name and style of — — — — — parties of the first part, hereinafter designated as the Producer, and the Independent Oil Producers' Agency, [or the Coalinga Oil Producers' Agency], a corporation, party of the second part, hereinafter designated the Agency.

Witnesseth, for valuable and sufficient considerations moving from the Agency to the Producer, the Producer hereby agrees to drill, develop, and operate oil wells and to produce from and collect petroleum upon that certain real property situated in the County of Kern, State of California, described as follows, to-wit:

— for a period of ten years — from the — day of — to and including the 31st day of December, 1919, and to deliver to said Agency for sale by it all petroleum produced from said land or any part thereof during the said period of ten years, save and except therefrom such petroleum as may be already contracted for at the time of the making of this contract. The Producer reserves
 372 the right to fulfill and complete all such outstanding contracts for petroleum, including therein all petroleum payable as royalty and such petroleum as it may be necessary to use as fuel in the production of petroleum on said property. The Producer

hereby guarantees that he has exhibited to the Agency all of such contracts and the same have been duly noted upon the Agency's books; and it is expressly stipulated by the Producer that there are no other contracts for petroleum outstanding and reserved.

Quantity. Event of Storage.

The petroleum to be delivered hereunder by the Producer shall be in quantity not less than — barrels per month, and of a gravity not heavier than — degrees Baume at a temperature of sixty degrees Fahrenheit, and to contain not more than two (2) per cent of foreign substance. All said petroleum to be delivered to said Agency as soon as produced in the gauge tanks of the Producer upon said land and if required by the Agency all of said petroleum, after being gauged, will be pumped by the Producer from said gauge tanks into any pipe line on the property designated by the Agency, or in case said petroleum shall be stored for future sale that it will be pumped by the Producer into any storage tanks designated by the Agency, located within three (3) miles distant from said gauge tanks. In the event of the storage of said petroleum then the actual cost only of said storage shall be charged by the Agency, and such charges will be paid pro rata by the Producer and other producers storing in the same tanks or reservoirs. All deliveries shall be based upon the gauge capacity of the storage tanks of the Producer and
373 all petroleum shall immediately upon delivery be the property of and the title thereto shall vest in the Agency.

Must Operate to Capacity.

The Producer agrees to operate, to their full capacity, all the wells upon said premises and any wells that may be drilled thereon during the life of this contract. And in the event the said minimum production cannot be maintained during said period, from the wells now upon said land, then, upon request therefor by the Agency, the Producer will drill such additional wells thereon as may be required to maintain the monthly production of such quantity, provided it is practicable to drill such additional wells and produce such minimum.

If for any reason the Producer is unable to meet the demand for petroleum made upon it by the Agency such Producer may at the option of the Agency, be entitled at any future date to make up such difference between the amount called for and the amount supplied.

Binds the Land.

It is agreed on the part of the Producer that this contract shall run with and bind the land and every part thereof and all property of the Producer thereon or connected therewith, and the Agency shall have and is hereby given a lien upon all said property for the faithful and due performance by the producer of all of the terms hereof upon the part of the Producer to be performed, and that the Agency shall

also have and is hereby given a lien upon said property for the full amount of any sum which may become due the Agency hereunder and any damages which may arise or accrue hereunder or by reason of the breach hereof by the Producer in favor of the Agency.

Agency May Take Possession.

It is further agreed that in case of any breach of this contract on the part of the Producer, the Agency may forthwith take
374 possession of all of said property and operate the same with a view of complying with the obligations hereof toward the Agency and may charge the expense of such operation to the Producer. In case any person other than the said Producer shall during the life of this contract occupy or be in the physical possession or control of any or all of said property, either with or without the consent of said Producer, it is understood and agreed that the Agency may at its option and without notice to the Producer recognize and deal with said parties in any manner it may see fit, and without any liability to the Producer thereof, either under the terms of this contract or otherwise.

Agency May Annul Contract.

In case the Producer shall fail in any way whatsoever to fulfill and perform the obligations and conditions required to maintain for the benefit of the Agency, title and possession of said property whether under the terms of any lease, deed or contract affecting the said property or any provision of law, or any law or regulation or otherwise, it is expressly understood and agreed that the Agency may at its election immediately annul this contract, or it may at its election proceed to fulfill or perform such conditions or obligations or terms necessary to maintain title and possession, and charge the same to the Producer, or deduct the cost and expenses thereof from any moneys or property which may be in or which may come into its possession or under its control, and belonging to the Producer; and it may, at its option, compromise or settle any questions or claims arising in any such connection in any manner which it may deem expedient—it being understood that the Agency may adopt any one or more of such options or may elect not to adopt any.

May Liquidate Claim.

375 In case there shall be due the Agency or any person whom the Agency may have dealt — concerning such property or premises or any part thereof, any moneys or obligations, then and in such event the Agency may apply any money or property which may be in or which may come into its possession and which may belong to the Producer, to the liquidation of such claim and without any liability whatever to the Producer, but in such case a full accounting shall immediately be made to such Producer.

The Producer agrees to comply with and hereby obligates itself

to conform to all of the by-laws of the Agency, as well as any and all amendments thereto which may be adopted by the Agency during the life of this contract, it being understood that the said by-laws may be considered hereby to be made part and parcel of this contract.

Powers of Agency—Expense.

The Producer and the Agency mutually agree that the Agency shall sell all petroleum produced by the Producer from the said land and delivered to the Agency hereunder in such lots as the Agency may determine, at the highest price obtainable therefor; all sales to be made under such contracts and on such terms as the Agency may deem advisable; and in conducting its business and making sale of said petroleum, the Agency shall have the authority to employ such agents, brokers or factors as it deems expedient, on such terms as it may agree upon. From the returns of such sales the Agency shall retain the sum of one-half a cent per barrel for all petroleum sold, accounting for and paying over to the Producer, when received by it, the difference between the selling price and the said amount of one-half a cent per barrel, and all storage, transportation and

376 brokerage costs and other expenses chargeable against the Producer; provided, however, such charge of one-half cent per barrel may be changed from time to time by the Board of Directors of the Agency at a meeting called for that purpose or at a regular meeting of said Board of Directors, but in no case shall such charge exceed the sum of two cents per barrel.

Transfers.

This contract shall not be assigned or transferred by the Producer either voluntarily or by act of law, save with the written consent of the Agency.

In witness whereof, the Producer has executed this instrument and the Agency has caused the same to be executed by its President and Secretary, and the corporate seal affixed under due authorization, the day and year first above written.

By _____,
 _____,
President, and
 _____,
Secretary.

Certification.

I, the undersigned, Secretary of the Independent Oil Producers' Agency [or the Coalinga Oil Producers' Agency], a corporation, the party of the second part in the foregoing instrument, do hereby certify that said instrument was executed under due authorization of a resolution duly passed by the Board of Directors of said corporation, which meeting was duly called, a majority of said Directors

being present and voting thereat, and that said resolution was duly entered in the minutes of said corporation.

In Witness Whereof, I have hereunto set my name and affixed the seal of said corporation.

— — —, *Secretary.*

377

"EXHIBIT 6."

378 Resolved, That this Corporation forthwith execute and deliver a sale contract with the Independent Oil Producers Agency, a corporation, said contract to be for the term beginning on the — day of —, 191—, and ending on the 31st day of December, 1919; and to be for all petroleum produced by this corporation on lands operated by it in — County, California, in quantity not less than — barrels per month, and the President and Secretary, for this corporation and as its act and deed, are authorized and directed to sign the corporate name and to affix the corporate seal thereto and to deliver said contract to said Agency. Said contract to contain all the terms and to be in the form of the following contract, to-wit:

I, — — —, Secretary of the —, a corporation, do hereby certify that the foregoing is a true copy of a resolution adopted at a duly called — meeting of the Board of Directors of said corporation, held at the office of the company on the — day of —, 191—, at the hour of — M., at which meeting a quorum of said Board were present and voting; and I do further certify that said resolution has not been revoked and that the same is in effect at this date.

Witness my hand and the seal of said corporation, this — day of —, 191—.

— — —,
Secretary of —.

379

Sale Contract.

This Agreement, made the — day of —, 191—,

Between — — —, a corporation, party of the first part, hereinafter designated the Producer, and the Independent Oil Producers Agency, a corporation, party of the second part, hereinafter designated the Agency.

Witnesseth for valuable and sufficient considerations moving from the Agency to the Producer, the Producer hereby agrees to drill, develop, and operate oil wells and to produce from and collect petroleum upon that certain real property situate in the County of —, State of California, described as follows, to-wit:

— for a period — from the — day of —, 191—, to and including the 31st day of December, 1919, and to deliver to said Agency for sale by it all petroleum produced from said land or any part thereof during the said period of — years, save and except therefrom such petroleum as may be already contracted for at the

time of the making of this contract. The Producer reserves the right to fulfill and complete all such outstanding contracts for petroleum, including therein all petroleum payable as royalty and such petroleum as it may be necessary to use as fuel in the production of petroleum on said property. The Producer hereby guarantees that he has exhibited to the Agency all of such contracts and the same have been duly noted upon the Agency's books; and it is expressly stipulated by the Producer that there are no other contracts for petroleum outstanding and reserved.

The Petroleum to be delivered hereunder by the Producer shall be in quantity not less than — barrels per month, and of a gravity not heavier than — degrees Baume at a temperature of sixty degrees Fahrenheit, and to contain not more than two (2) per cent of foreign substance. All said petroleum to be delivered to said Agency as soon as produced in the gauge tanks of the Producer upon said land and if required by the Agency all of said petroleum after being gauged, will be pumped by the Producer from said gauge tanks into any pipe line on the property designated by the Agency, or in case said petroleum shall be stored for future sale that it will be pumped by the Producer into any storage tanks designated by the Agency, located within three (3) miles distant from said gauge tanks. In the event of the storage of said petroleum then the actual cost only of said storage shall be charged by the Agency, and such charges will be paid pro rata by the Producer and other producers storing in the same tanks or reservoirs. All deliveries shall be based upon the gauge capacity of the storage tanks of the Producer and all petroleum shall immediately upon delivery be the property of and the title thereto shall vest in the Agency.

The Producer agrees to operate, to their full capacity, all the wells upon said premises and any wells that may be drilled thereon during the life of this contract. And in the event the said minimum production cannot be maintained during said period, from the wells now upon said land, then, upon request therefor by the Agency, the Producer will drill such additional wells thereon as may be required to maintain the monthly production of such quantity, provided it is practicable to drill such additional wells and produce such minimum.

380 If for any reason the Producer is unable to meet the demand for petroleum made upon it by the Agency such Producer may at the option of the Agency be entitled at any future date to make up such difference between the amount called for and the amount supplied.

It is agreed on the part of the Producer that this contract shall run with and bind the land and every part thereof and all property of the Producer thereon or connected therewith and that the Agency shall have and is hereby given a lien upon all said property for the faithful and due performance by the Producer of all of the terms hereof upon the part of the Producer to be performed, and that the Agency shall also have and is hereby given a lien upon said property for the full amount of any sum which may become

due the Agency hereunder and any damages that may arise or accrue hereunder or by reason of the breach hereof by the Producer in favor of the Agency.

It is further agreed that in case of any breach of this contract on the part of the Producer the Agency may forthwith take possession of all of said property and operate the same with a view of complying with the obligations hereof toward the Agency and may charge the expense of such operation to the Producer. In case any person other than the said Producer shall during the life of this contract occupy or be in the physical possession or control of any or all of said property, either with or without the consent of said Producer, it is understood and agreed that the Agency may at its option and without notice to the Producer recognize and deal with said parties in any manner it may see fit, and without any liability to the Producer therefor either under the terms of this contract or otherwise.

In case the Producer shall fail in any way whatsoever to fulfill and perform the obligations and conditions required to maintain for the benefit of the Agency, title and possession of said property whether under the terms of any lease, deed or contract affecting the said property or any provisions of law, or any law or regulation or otherwise, it is expressly understood and agreed that the Agency may at its election immediately annul this contract or it may at its election proceed to fulfill or perform such conditions or obligations or terms necessary to maintain title and possession, and charge the same to the Producer, or deduct the cost and expenses thereof from any moneys or property which may be in or which may come into its possession or under its control, and belonging to the Producer; and it may, at its option, compromise or settle any questions or claims arising in any such connection in any manner which it may deem expedient—it being understood that the Agency may adopt any one or more of such options or may elect not to adopt any.

In case there shall be due the Agency or any person with whom the Agency may have dealt concerning such property or premises or any part thereof, any moneys or obligations, then and in such event the Agency may apply any money or property which may be in or which may come into its possession and which may belong to the Producer, to the liquidation of such claim and without any liability whatever to the Producer, but in such case a full accounting shall immediately be made to such Producer.

The Producer agrees to comply with and hereby obligates itself to conform to all of the by-laws of the Agency, as well as any and all amendments thereto which may be adopted by the Agency during the life of this contract, it being understood that the said by-laws may be considered hereby to be made part and parcel of this contract.

The Producer and the Agency mutually agree that the Agency shall sell all petroleum produced by the Producer from the said land and deliver to the Agency hereunder in such lots as the Agency may determine, at the highest price obtainable therefor; all sales

to be made under such contracts and on such terms as the Agency may deem advisable; and in conducting its business and making sales of said petroleum, the Agency shall have the authority to employ such agents, brokers or factors as it deems expedient, on such terms as it may agree upon. From the returns of such sales the Agency shall retain the sum of one-half a cent per barrel for all petroleum sold, accounting for and paying over to the Producer, when received by it, the difference between the selling price and the said amount of one-half a cent per barrel, and all storage, transportation and brokerage costs and other expenses chargeable against the Producer; Provided, however, such charge of one-half cent per barrel may be changed from time to time by the Board of Directors of the Agency at a meeting called for that purpose or at a regular meeting of said Board of Directors, but in no case shall such charge exceed the sum of two cents per barrel.

381 The Producer expressly agrees to be bound and is bound and obligated by each and all of the proceedings had or taken by the Agency or to be hereafter had or taken by the Agency or its officers, touching or pertaining to the issuance of those Participation Certificates referred to in that certain resolution adopted by the Agency at a meeting of its Board of Directors held March 9th, 1912, which resolution is hereby referred to and made a part hereof, and including the execution of that certain contract and guaranty from the Agency to the Union Oil Company of California mentioned in the said Certificates.

The obligations of Producer regarding the said Participation Certificates and guaranty are understood to be the same in kind and extent as if Producer had expressly joined in all thereof at the time of execution. But such obligations shall not be deemed to extend and do not extend beyond the oil under contract to the Agency by this sale contract or the proceeds thereof.

This contract or any part thereof, or any right arising thereunder, or any proceeds arising therefrom shall not be assigned or transferred, nor shall any of them be assigned or transferred, or assignable or transferable by the Producer, either voluntarily or by act of law save with the written consent of the Agency, it being expressly understood and agreed that the relations between the Producer and the Agency, arising or to arise hereunder are personal and unassignable.

In witness whereof, the parties hereto have caused this instrument to be executed by their respective presidents and secretaries and their respective corporate seals to be affixed, all under due authorization, the day and year first above written.

By ———, *President, and*
 ———, *Secretary.*
 By ———, *President, and*
 ———, *Secretary.*

I, the undersigned, Secretary of ——— a corporation, the party of the first part in the foregoing instrument, do hereby certify that said

instrument was executed under due authorization of a resolution duly passed by the Board of Directors of said corporation, which meeting was duly called, a majority of said directors being present and voting thereat, and that said resolution was duly entered in the minutes of said corporation.

In witness whereof, I have hereunto set my name and affixed the seal of said corporation.

— —, *Secretary.*

I, the undersigned, Secretary of the Independent Oil Producers Agency, a corporation, the party of the second part in the foregoing instrument, do hereby certify that said instrument was executed under due authorization of a resolution duly passed by the Board of Directors of said corporation, which meeting was duly called, a majority of said Directors being present and voting thereat, and that said resolution was duly entered in the minutes of said corporation.

In witness whereof, I have hereunto set my name and affixed the seal of said corporation.

— —, *Secretary.*

382 Resolved, that — — be and he is constituted the agent, Attorney in fact and trustee for this corporation, to hold one share of the capital stock of the Independent Oil Producers' Agency, a corporation, and to act as stockholder and Director of said Agency, for our benefit. And this corporation hereby adopts, ratifies and confirms all the acts of said trustee already done or taken in the premises or in any regard touching the said Agency. And this corporation admits and declares that it is the beneficial owner of said one share of stock and of said interest in said Agency and hereby assumes all responsibility therefor, as well as full responsibility for all future acts of said trustee in the premises, so far as the said Agency may be interested in any of said acts, but this guarantee is intended solely for the benefit of said Agency.

I hereby certify that the undersigned is the duly elected, qualified and acting Secretary of the — —, a corporation, organized and existing under the laws of the State of — — and that a resolution of which the foregoing is a copy, was duly passed by the Board of Directors of said corporation at a meeting which was duly called and at which a majority of the said Directors were present and voted in favor of said resolution and that said resolution has been duly entered in the minutes of said corporation.

In witness whereof, I have hereunto set my name and affixed the seal of said corporation.

— —, *Secretary.*

383

"EXHIBIT 7."

384

This Agreement, Made this 11th day of June, 1909, between Independent Oil Producers Agency, a corporation hav-

ing its principal place of business at Bakersfield, Kern County, California, first party, and S. W. Morshead of Coalinga, California, second party,

Witnesseth, That,

Whereas, the first party has and will have control of the production of certain oil producing lands, situated in the County of Kern and elsewhere in the State of California, for the purposes of handling, transportation, storage and sale,

And whereas, first party is desirous of obtaining by means of a pipe line system extended to tide water and thence by vessels, permanent and satisfactory facilities for transporting to market the oil which it may have for said purposes;

Now therefore, in consideration of the premises, and of the benefits to be derived by each of the parties hereunder, and of the covenants and agreements herein contained to be kept and performed by the parties hereto respectively, the parties hereto hereby agree as follows:

First. Second party agrees that on or before September 1, 1909, a corporation will be organized, having powers ample for the purpose, to which corporation this contract shall be assigned, and which corporation shall and will on or before September 1, 1909, commence the construction of a pipe line system running from such point or points as it deems advisable in said oil district and other oil districts in Fresno and Kern Counties, to tide water at or near Port Harford, California, and also to railway points in proximity to said oil fields, having a minimum carrying capacity of 10,000
385 barrels of petroleum per day; and that from the time of commencement, the work of constructing said pipe line system shall be prosecuted with diligence to completion, delays occasioned by accidents, the elements, labor troubles or other causes, over which second party or said corporation have no control, excepted:

The parties hereto particularly agree, however, in case construction work on said proposed pipe line system is not commenced on or before September 1, 1909, that on said date this contract shall cease and become and be null and void and each of the parties hereto shall thereupon be relieved of all obligations hereunder, but in case the work of constructing said pipe line system is commenced on or before September 1, 1909, then this contract shall remain in full force and effect and be binding upon the parties hereto, and their successors in interest, for the full term herein specified.

Second. First party agrees that it will deliver to second party for transport through said pipe line system hereunder, and that it shall and will cause to be transported through said pipe line system for handling and delivery, as may be directed by first party, all fuel oil obtained and handled by first party, at any and all times, during the full period of ten years, commencing February 1, 1910, (or as soon thereafter as oil can be transported through said pipe line system), and ending ten years thereafter; first party further agrees to pay for transporting and for storage of its said oil hereunder at the rates specified in "Schedule A."

Third. The rules, regulations, terms and provisions of "Schedule

A." hereto attached, shall govern and determine the gauging, receiving, handling, storing, transporting (by line and/or by vessel) and delivery of all oil transported for first party through said
386 pipe line system and the payments to be made by first party, and said "Schedule A" is hereby referred to and each and every part and portion thereof is made a part hereof, and shall be construed in connection with all other portions of this contract.

Fourth. First party hereby grants to second party the following rights and easements over, through, across, on and upon all property owned, leased or controlled by it, to continue for the full term of this contract, and as long thereafter as said rights and easements shall be used and operated, to-wit:

(a) To lay, repair, replace, maintain, enlarge and operate, over and through said property, the main pipe line of said system, and any and all laterals or branch lines thereof or therefrom, which they deem necessary or convenient, to the producing wells and gauge tanks of first party, and into territory owned and operated by other parties;

(b) To construct, repair, replace, maintain, enlarge and operate, over and across said premises, telephone and telegraph lines and water lines;

(c) The rights to enter upon said premises by any and all means and through any and all employees, for the purpose of using and enjoying said easements;

(d) The right to remove from said premises at any time any and all property of second party placed thereon; all of said rights and easements to be used and enjoyed and the property of second party to be located on said premises with due regard to the proper use of said property by first party for the production of oil therefrom.

Fifth. It is further particularly agreed, in view of the large capital required for the construction of such pipe line system, that all and singular the grants and agreements of the first party herein contained, shall be and are covenants running with the land, binding upon first party and its successors in interest in said property, and in favor of second party and his assigns, and first party hereby grants to second party and to his assigns a lien on the above described land and on all of its rights and interests therein, to secure the
387 payment by first party, when due, of all charges for transportation and storage of oil and other charges hereunder, and also to secure the faithful and specific performance by first party, and its successors in interest in said property, of all and singular its agreements herein contained, which liens shall continue in force for said term of ten years, and until this contract is fully executed.

Sixth. All rights, benefits and interest arising hereunder in favor of second party, and all duties to be performed by him shall inure to and bind said corporation to which this contract may be assigned, and shall inure to and bind said second party and his assigns.

In witness whereof, on the day and year first above written, the first party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary,

thereto duly authorized by resolution of its Board of Directors, and the second party has hereunto set his hand and seal.

[SEAL.]

INDEPENDENT OIL PRODUCERS AGENCY,

By Its President, L. P. ST. CLAIR.

By Its Secretary, W. B. ROBB.

S. W. MORSHEAD.

[SEAL.]

388

"Schedule A."

All fuel oil to be transported under said contract shall be delivered by first party to second party in suitable tanks to be provided by first party, and to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second party.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, new gauge tables shall be made as above provided. First party shall keep its tanks in good order at all times to prevent leakage.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second party for transportation, and second party shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to them.

All oil is to be received by second party on the basis of a temperature of 60° F. and a deduction or credit in the volume of oil at the rate of one per cent for each 20° over or under 60° F. shall be made. Temperature reading is to be made at delivery tank at time of delivery.

The expression "fuel oil" as used in said contract and in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel" wherever used herein, means a barrel of forty-two (42) gallons.

The second party shall not be required to accept for pipe line transportation any oil from first party which is heavier than the average gravity of oil now being produced on the property from which delivery is to be made. It is expected and agreed that second party will receive for transportation and will transport through said pipe line, oil of varying degrees of density and quality, produced from various properties in said various oil fields, in addition to the property of the first party; that all oil received by second party for transportation may be commingled with oil received from other territory and other fields, and that the resulting mixture of such oils

shall be delivered to and accepted by first party at the pipe line terminus, as the oil transported for first party by second party.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second party shall not be required to receive nor transport oil at any time in excess of the carrying capacity of their pipe line, or pipe line equipment. In case, at any time, the amount of oil offered second party for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for transportation through said pipe line system, shall be pro-rated in proportion to the amount of oil offered by each shipper.

390 Whenever first party shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of second party and the second party shall thereupon, within forty-eight hours after receiving said notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material.

Second party when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of first party into the main pipe line of second party that such oil be pumped, the first party shall furnish, at its own expense, pumps under specifications of second party, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that they shall not be obliged to pump against a pressure of more than 600 pounds.

Second party shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accidents, labor troubles, or other causes not under their control.

First party agrees to pay second party for transporting its oil through said pipe line system at the rate of 22½ cents per
391 barrel for all oil delivered to second party for transportation to tide water at or near Port Harford, and at the rate of 2½ cents per barrel for all oil delivered to second party for transportation to f. o. b. cars at point on pipe line most convenient to pipe line company.

In case any party shall at any time store oil for first party, he shall charge, and first party shall pay, for such storage at the rate of one cent per barrel per month, if stored anywhere excepting in earthen reservoir, and for oil stored in earthen reservoir at the rate of two cents per annum per bbl. All storage charges shall be calculated on

the basis of oil on hand on the first of each calendar month. No charge will be made for the following amounts of oil:

- (a) Sufficient oil to fill main oil pipe line;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said main pipe line system;
- (c) Sufficient oil to fill all tank ships and boats employed in this service.

Second party shall charge, and first party shall pay, the charges hereinbelow stated for transportation of oil by boats from Port Harford; these charges including dockage, wharfage and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch. The second party shall supply sufficient water transportation to permit of the transporting of said oil from Port Harford to the various points mentioned below:

Port Harford to Eureka	\$.20
" " " San Francisco Bay Points .....	.10
" " " San Diego .....	.12½
" " " San Pedro .....	.10
" " " Santa Barbara .....	.07½
" " " Ventura .....	.10
" " " Hueneme .....	.10

Water transportation hereunder will at all times be limited to available capacity of boats in service, which are under lease or are contracted for by second party.

392 No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accidents, from fire or other causes, and shall be borne pro rata by all oil handled by second party. Storage of oil by second party herein will be at his discretion and at all times limited to his available storage facilities.

First party agrees that it shall and will upon the 20th day of each month pay second party in full for all of the following charges:

- (a) All amounts due for pipe line transportation of all oil delivered to second party by first party during the preceding calendar month;
- (b) All amounts due for transportation of oil in vessels during said preceding calendar month; and
- (c) All amounts due for storage of oil during said preceding calendar month.

Resolution of Executive Committee of Board of Directors.

"Whereas it has been proposed for this Company to enter into a contract for the pipage and transportation of its oil for period of ten (10) years, under contract with S. W. Morshead—a copy of which contract has been submitted to and read and duly considered by the Executive Committee of the Board of Directors, and it is deemed for the best interests of this Company that it enter said contract:

Now, therefore, be it resolved that this Company enter into said contract and that the President and Secretary of this Company, be
and they are hereby instructed, authorized and empowered
393 for and on behalf of this Company, in its name under its
seal and as its act and deed, to execute said contract between
this Company and said S. W. Morshead.

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Executive Committee of Board of Directors of Independent Oil Producers Agency, adopted at a regular meeting of said Executive Committee, due notice whereof was given, at which meeting all of the members of said Executive Committee were present and voted, and that said resolution was adopted by the unanimous vote of the members of said Executive Committee present, that said resolution has been recorded in the minutes of said meeting and is now in full force and effect; and I hereby further certify that the foregoing contract for the pipage and transportation of oil to which this certificate is attached, is the contract referred to in said resolution and which was read, considered by and acted upon by said Executive Committee.

In witness whereof, I have hereunto set my hand and affixed the seal of said corporation this 15 day of June, 1909.

[CORPORATE SEAL.]

W. B. ROBB,

Secretary of said Corporation.

For Value Received I hereby sell, assign, transfer set over unto Producers Transportation Company, all my right, title, and interest in and to the foregoing contract.

Witness my hand this 15th day of June, 1909.

S. W. MORSHEAD. [SEAL.]

394 Whereas the President has reported that pursuant to resolution and direction of the Executive Committee, a contract was entered into by and on behalf of this corporation as first party, and S. W. Morshead, of San Francisco, California, as second party, dated June 11, 1909, whereby this corporation agreed that it shall and will cause to be transported through pipe line system, to be constructed under said contract, from Port Harford, California to Oil Fields in Kern and Fresno Counties, California, of all the oil obtained and handled by this corporation for a period of Ten (10) years commencing February 1, 1910, and that this corporation should pay for transporting and for storage of oil and that said oil should be handled through said pipe line at the rates and under the rules and regulations, terms and provisions of said contract, all of which more fully appear from said contract, and

Whereas it was agreed that said contract should be assigned by said Morshead to a corporation having powers ample for all of the purposes of constructing said pipe line system and carrying out said contract, and

Whereas said contract has been assigned by said Morshead to the Producers Transportation Company, and

Whereas said contract has been read by and fully considered by this Board of Directors,

Now, therefore, be it resolved that the act of the Executive Committee in authorizing the execution of said contract and also the act of the President and Secretary of this Company in executing said contract be and each of said acts are hereby ratified, confirmed and approved;

Resolved further, that said contract be, and the same is hereby ratified, confirmed, approved and acknowledged to be the act, deed and contract of this corporation, the Independent Oil Producers Agency.

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Board of Directors of Independent Oil Producers Agency, adopted at a meeting of said Board of Directors held Thursday June 24, 1909, due notice of which meeting was given to each of the Directors of said corporation in all respects as provided by the By-laws of said corporation; that the majority of the directors of said corporation were present and voting at said meeting; that the roll of directors was called on the question of the adoption of said resolution and that said resolution was adopted by the unanimous vote of the directors of said corporation present at said meeting; that said resolution has been recorded in the minutes of said meeting and is now in full force and effect;

And I hereby further certify that the foregoing contract for the pipeage and transportation of oil to which this certificate is attached is the contract referred to in said resolution, and which was read, considered by and ratified by said Board of Directors.

In witness whereof I have hereunto set my hand and affixed the seal of said corporation this 24th day of June, 1909.

[CORPORATE SEAL.]

W. B. ROBB,

*Secretary of Independent Oil Producers
Agency, the said Corporation.*

396

"EXHIBIT 8."

397 *Contract for Pipeage & Transportation of Oil and Sale Contract Independent [Coalinga] Oil Producers Agency of California.*

398

Contract for Pipeage and Transportation of Oil.

Preamble.

This Agreement, made this — day of —, 1909, between —, a corporation having its principal place of business at —, first party, and L. P. St. Clair of Bakersfield, California, H. H. Welsh of Fresno, California, S. W. Morshead of San Francisco, California,

and M. V. McQuigg of Los Angeles, California, second parties, witnesseth, that,

Whereas, the first party is the lessee or [owner] of certain oil producing lands, situated in the — oil field in the County of —, State of California, bounded and particularly described as follows, to wit: —;

And Whereas, first party is desirous of obtaining by
399 means of a pipe line system extended to tide water and thence by vessels, permanent and satisfactory facilities for transporting to market the oil which it may produce from said lands; and the second parties contemplate the construction of such pipe line system, provided they secure guarantees and contracts for the transportation of oil sufficient, in their opinion, to justify them in engaging in such undertaking, and second parties can effect advantageous arrangements for transportation of oil, by water, from Port Harford to various ports in California;

Agreement to Organize.

Now therefore, in consideration of the premises, and of the benefits to be derived by each of the parties hereunder, and of the covenants and agreements herein contained to be kept and performed by the parties hereto respectively, the parties hereto hereby agree as follows:

First. Second parties agree that if they secure the necessary guarantees and assurances and effect the necessary arrangements, they shall, and will on or before September 1, 1909, cause a corporation to be organized having powers ample for the purpose, to which corporation this contract shall be assigned by them, and which corporation shall and will on or before September 1, 1909, commence the construction of a pipe line system running from such point or points as it deems advisable in said oil district and other oil districts in Fresno and Kern Counties, to tide water at or near Port Harford, California, and also to railway points in proximity to said oil fields, having a minimum carrying capacity of 10,000 barrels of petroleum per day; and that from the time of commencement, the work of constructing said pipe line system shall be prosecuted with diligence to completion, delays oc-
400 casioned by accidents, the elements, labor troubles or other causes, over which second parties or said corporation have no control, excepted:

Null and Void.

The parties hereto particularly agree, however, in case construction work on said proposed pipe line system is not commenced on or before September 1, 1909, that on said date this contract shall cease and become and be null and void, and each of the parties hereto shall thereupon be relieved of all obligations hereunder, but in case the work of constructing said pipe line system is commenced on or before September 1, 1909, then this contract shall

remain in full force and effect and be binding upon the parties hereto, and their successors in interest, for the full term herein specified. On or before completion of said pipe line system, said water transportation arrangement shall be effected.

To Have All Oil.

Second. First party agrees that it will deliver to second parties for transport through said pipe line system hereunder, and that it shall and will cause to be transported through said pipe line system for handling and delivery, as may be directed by first party, all fuel oil produced or obtained by first party, out of and from the oil producing lands above described, at any and all times, during the full period of ten years, commencing February 1, 1910, (or as soon thereafter as oil can be transported through said pipe line system), and ending ten years thereafter; first party further agrees to pay for transporting and for storage of its said oil hereunder, at the rates specified in "Schedule A."

Third. The rules, regulations, terms and provisions of "Schedule A," hereto attached, shall govern and determine the gauging, receiving, handling, storing, transporting (by pipe line, and
401 [or] by vessels) and delivery of all oil transported for first party through said pipe line system and the payments to be made by first party, and said "Schedule A" is hereby referred to and each and every part and portion thereof is made a part hereof, and shall be construed in connection with all other portions of this contract.

Rules.

Fourth. First party hereby grants to second party the following rights and easements over, through, across, on and upon above described property, to continue for the full term of this contract, and as long thereafter as said rights and easements shall be used and operated, to-wit:

Rights Granted.

(a) To lay, repair, replace, maintain, enlarge and operate, over and through said property, the *the* main pipe line of said system, and any and all laterals or branch lines thereof or therefrom, which they deem necessary or convenient, to the producing wells and gauge tanks of first party, and into territory owned and operated by other parties;

(b) To construct, repair, replace, maintain, enlarge and operate, over and across said premises, telephone and telegraph lines and water lines;

(c) The rights to enter upon said premises by any and all means and through any and all employes, for the purpose of using and enjoying said easements;

(d) The right to remove from said premises at any time any and all property of second parties placed thereon; all of said rights

and easements to be used and enjoyed and the property of said
 second parties to be located on said premises with due re-
 402 gard to the proper use of said property by first party for the
 production of oil therefrom.

Agreement Land Lien.

Fifth. It is further particularly agreed, in view of the large capital required for the construction of such pipe line system, that all and singular the grants and agreements of the first party herein contained, shall be and are covenants running with the land, binding upon first party and its successors in interest in said property, and in favor of second parties and their assigns, and first party hereby grants to second parties and to their assigns a lien on the above described lands and on all of its rights and interests therein, to secure the payment by first party, when due, of all charges for transportation and storage of oil and other charges hereunder, and also to secure the faithful and specific performance by first party, and its successors in interest in said property, of all and singular its agreements herein contained, which liens shall continue in force for said term of ten years, and until this contract is fully executed.

Sixth. All rights, benefits and interest arising hereunder in favor of second parties, and all duties to be performed by them shall inure to and bind said corporation to which this contract may be assigned, and shall inure to and bind said second parties as joint tenants, and not as tenants in common, the survivors and survivor of them as such joint tenants, and their successors and assigns.

In Witness Whereof, on the day and year first above written, the first party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary,
 403 thereto duly authorized by resolution of its Board of Directors,
 and the second parties have hereunto set their hands and
 seals.

By ———,
 Its President.
 By ———,
 Its Secretary.
 ———. [SEAL.]
 ———. [SEAL.]
 ———. [SEAL.]
 ———. [SEAL.]

"Schedule A."

Oil Used for Fuel.

So much of the oil produced or controlled by first party as may be required for fuel in carrying on drilling and pumping operations on the lands upon which it is produced, together also with the amount of

oil necessary to satisfy and pay royalty, in case there is any royalty to pay, and the same is payable in oil, shall be, and all of such oil is, excepted from the operations of said contract. In the event of any subsisting contracts for the sale of oil, all oil so agreed to be sold and delivered shall not come under the provisions of this contract; a memorandum of such contracts being hereto attached.

All fuel oil to be transported under said contract shall be delivered by first party to second parties in suitable tanks to be provided by and at the sole cost of first party, and to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second parties.

Gauge Tanks.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expenses of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, new gauge tables shall be made as above provided. First party shall

404 keep its tanks in good order at all times to prevent leakage.

Foreign Matter.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second parties for transportation, and second parties shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to them.

Temperature.

All oil is to be received by second parties on the basis of a temperature of 60 degrees F. and a deduction or credit in the volume of oil at the rate of one per cent for each 20 degrees over or under 60 degrees F. shall be made. Temperature reading to be made at delivery tank at time of delivery.

"Fuel Oil" Defined.

The expression "fuel oil," as used in said contract and in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel" wherever used herein, means a barrel of forty-two (42) gallons.

Gravity.

The second parties shall not be required to accept for pipe line transportation any oil from first party which is heavier than the average gravity of oil now being produced from said property by first party. It is expected and agreed that second parties will receive for transportation and will transport through said pipe line, oil of varying degrees of density and quality, produced from various properties in said various oil fields, in addition to the property
405 of the first party; that all oil received by second parties for transportation may be commingled with oil received from other territory and other fields, and that the resulting mixture of such oils shall be delivered to and accepted by first party, at the pipe line terminus, as the oil transported for first party by second parties.

Deliveries Pro Rated.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second parties shall not be required to receive or transport oil at any time in excess of the carrying capacity of their pipe line or pipe line equipment. In case, at any time, the amount of oil offered second parties for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for transportation through said pipe line system, shall be pro rated in proportion to the amount of oil offered by each such producer.

Run Tickets.

Whenever first party shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of the second parties and the second parties shall thereupon, within forty-eight hours after receiving said notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water sand and other non-combustible material.

406 Second parties when running oil from guage tanks into pipe lines shall have the exclusive control of said guage tanks and the oil contained therein.

Pumping.

If it is necessary in the delivery of oil of first party into the main pipe line of second parties that such oil be pumped, the first party

shall furnish, at its own expense, pumps under specifications of second parties, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that they shall not be obliged to pump against a pressure of more than 600 pounds.

Second parties shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accident, labor troubles, or other causes not under their control.

Rate Per Barrel.

First party agrees to pay second parties for transporting its oil through said pipe line system at the rate of $22\frac{1}{2}$ cents per barrel for all oil delivered to second parties for transportation to tide water at or near Port Hartford, and at the rate of $21\frac{1}{2}$ cents per barrel for all oil delivered to second parties for transportation to f. o. b. cars at point on pipe line most convenient to pipe line company.

Storage Charge.

In case second parties shall at any time store oil for first party they shall charge, and first party shall pay, for such storage at the rate of one cent per barrel per month, if stored anywhere excepting in earthen reservoir, and for oil stored in earthen reservoir, at the rate of two cents per annum, per bbl. All storage charges shall be calculated on the basis of oil on hand on the first of each calendar month. No charge shall be made for the following amounts of oil:

- 407 (a) Sufficient oil to fill main oil pipe line;
 (b) 20,000 barrels of oil in tanks at each pumping station along the line of said main pipe line system;
 (c) Sufficient oil to fill all tank ships and boats employed in this service.

Water Transportation.

Second parties shall charge, and first party shall pay, the charges hereinbelow stated for transportation of oil by boats from Port Hartford; these charges including dockage, wharfage and all port charges, and are for full cargo lots received and delivered only at point where cargo can be unloaded and unloaded with dispatch. The second parties shall supply sufficient water transportation to permit of the transporting of said oil from Port Hartford to the various points mentioned below:

Port Harford to Eureka	20c.
Port Harford to San Francisco Bay points.....	10c.
Port Harford to San Diego.....	$12\frac{1}{2}$ c.
Port Harford to San Pedro.....	10c.
Port Harford to Santa Barbara.....	$7\frac{1}{2}$ c.
Port Harford to Ventura	10c.
Port Harford to Hueneme	10c.

Water transportation hereunder will at all times be limited to available capacity of boats in service, which are under lease or are contracted for by second parties.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accidents, from fire or other causes, and shall be borne pro rata by all oil handled by second parties. Storage of oil by second parties herein will be at their discretion and at all times limited to their available storage facilities.

First party agrees that it shall and will upon the 20th day
408 of each month pay second parties in full for all of the following charges:

Payment Dates.

(a) All amounts due for pipe line transportation of all oil delivered to second parties by first party during the preceding calendar month;

(b) All amounts due for transportation of oil in vessels during said preceding calendar month; and

(c) All amounts due for storage of oil during said preceding calendar month.

Resolution of Board of Directors.

"Whereas it has been proposed for this Company to enter into a contract for the pipeage and transportation of its oil for a period of ten (10) years, under contract with L. P. St. Clair, H. H. Welsh, S. W. Morshead and M. V. McQuigg, a copy of which contract has been submitted to and read and duly considered by this Board of Directors, and it is deemed for the best interests of this company that it enter into said contract;

Certification of Contract.

Now, therefore, be it resolved that this Company enter into said contract and that the President and Secretary of this Company be and they are hereby instructed, authorized and empowered for and on behalf of this Company, in its name, under its seal and as its act and deed, to execute said contract between this Company and said L. P. St. Clair, H. H. Welsh, S. W. Morshead and M. V. McQuigg."

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Board of Directors of

.....
409 adopted at a regular meeting of said Board of Directors, due notice whereof was given to all the Directors of said Company, at which meeting the majority of the directors were present and voted, and that said resolution was adopted by the unanimous vote of the Directors present, that said resolution has been recorded in the minutes of said meeting of said Board and is now

in full force and effect; and I hereby further certify that the foregoing contract for the pipeage and transportation of oil, to which this certificate is attached, is the contract referred to in said resolution and which was read, considered by and acted upon by said Board of Directors.

In witness whereof, I have hereunto set my hand and affixed the seal of said corporation this — day of —, 1909.

Secretary of said Corporation.

110 *List of Companies Signing Contracts with L. P. St. Clair,
 S. W. Morshead, H. H. Welsh & M. V. McQuigg.*

Acme Development Company.
 Amazon Oil Company.
 American Crude Oil Company.
 American Oilfields Company.
 American Petroleum Company.
 Arizona Petroleum Company.
 Angelus Oil Company.
 British Consolidated Oil Corporation, Ltd.
 Boychester Oil Company.
 Best Yet Oil Company.
 Berry & Keller.
 Calloma Oil Company.
 California King Oil Company.
 Canadian Queen Oil Company.
 Cheney-Stimson Oil Company.
 California Seaboard Oil Company.
 Coalinga Four Oil Company.
 Coalinga Petroleum Company.
 Coalinga National Petroleum Company.
 Coalinga Security Oil Company.
 Coalinga Homestake Oil Company.
 Coalinga Unity Oil Company.
 Coalinga Enterprise Oil Company.
 Confidence Oil Company.
 Call Oil Company.
 Cosmo Oil Company.
 Dunlop Oil Company.
 Del Rey Oil Company.
 Dillon Oil Company.
 De Luxe Oil Company.
 E. P. T. Oil Company.
 Exploration Oil Company.
 Expansion Oil Company.
 Esperanza Oil & Gas Company.
 East Puente Oil Company.
 Emerald Oil Company.
 Eldorado Oil Company.

Euclid Oil Company.
Eastern Consolidated Oil Company.
Ethel D Oil Company.
Empire Oil Company.
Federated Oil Company.
Fox & Garrett Oil Company.
Fortuna Oil Company.
Globe Oil Company.
G. M. B. Oil Company.
Illinois Crude Oil Company.
Junction Oil Company.
Jewett Oil Company.
Jackson Oil Company.
Johnson Oil Company.
January Oil Company.
Knob Hill Oil Company.
Kern Sunset Oil Company.
K. R. W. Oil Company.
Los Angeles Kern Oil Company.
Muscatine Oil Company.
May Oil Company.
Mecca Oil Company.

- 412 McCutchen Bros.
Melwood Petroleum Company.
Manhattan-Midway Oil Company.
Maricopa National Petroleum Company.
Midway-Union Oil Company.
M. P. Oil Company.
M. K. & T. Oil Company.
Marengo Oil Company.
Marian Oil Company.
Mercantile Crude Oil Company.
Nevada County Oil Company.
New S. F. Crude Oil Company.
Norse Oil Company.
Olig Crude Oil Company.
Ojai Valley Petroleum Company.
Overland Oil Company.
Oil and Investment Company.
Ozark Oil Company.
Premier Oil Company.
Pacific States Petroleum Company.
Pleasant Valley Farming Company.
Pilot Oil Company.
Pricewell Oil Company.
Parker M. C.
Potomac Oil Company.
Provident-Midway Oil Company.
Penn-Midway Oil Company.
Queen Oil Company.
Revenue Oil Company.

- Walter Snook.
 St. Clair & Jastro.
 413 St. Clair, L. P. Oil Company.
 San Francisco & McKittrick Oil Company.
 Section Six Oil Company.
 Shear Petroleum Company.
 S. W. & B. Oil Company.
 Seneca Oil Company.
 Silver Tip Oil Company.
 Shawmut Oil Company.
 Spinks Crude Oil Company.
 Tejon Oil Company.
 Templor Ranch Oil Company.
 Tannehill Oil Company.
 Traders Oil Company.
 Twenty-Two Oil Company.
 Union Oil Company of California.
 Valley Oil Company.
 Vesta Oil Company.
 Victor Oil Company.
 Ward Oil Company.
 Warren Oil Company.
 Wrenn Oil Company.
 York Coalinga Oil Company.
 Yellowstone Oil Company.
 Zier Oil Company.

414

"EXHIBIT 9."

415 This Agreement, Made this — day of —, 1910, between —, a corporation having its principal place of business at —, first party, and Producers Transportation Company, a corporation, second party, Witnesseth, That,

Whereas, the first party is the lessee/owner of certain oil producing lands, situated in the — oil field in the County of —, State of California, bounded and particularly described as follows, to-wit:

And Whereas, first party is desirous of obtaining by means of a pipe line system extended to tide water, and thence by means of vessels, facilities for transporting to market, all the oil which it may produce from said lands; and second party owns and operates an oil pipe line system extending from oil fields in Fresno and Kern Counties, California, to Port Harford, California, and second party has effected arrangements for transportation of oil from Port Harford, by water;

Now Therefore, in consideration of the premises, and of the benefits to be derived by each of the parties hereunder, and of the covenants and agreements herein contained to be kept and performed by them respectively, the parties hereto hereby agree as follows:

First. First party agrees that it will deliver to second party for transport through second party's pipe line system hereunder, and that it shall and will cause to be transported through said pipe line

system, all fuel oil produced or obtained by first party, out of and from the oil producing lands above described, at any and all times, during the full period commencing on the date hereof and ending January 31, 1920; first party further agrees to pay for transporting and for storage of its said oil hereunder, at the rates specified in "Schedule A" hereof.

Second. The rules, regulations, terms and provisions of said "Schedule A," hereto attached, shall govern and determine the gauging, receiving, handling, storing, transporting (by pipe line and/or by vessels) and delivery of all oil transported for first party through said pipe line system and the payments to be made by first party, and said "Schedule A" is hereby referred to and each and every part and portion thereof is made a part hereof, and shall be construed in connection with all other portions of this contract.

Third. First party hereby grants to second party the following rights and easements in, over, through, across, on and upon above described property, to continue for the full term of this contract, and as long thereafter as said rights and easements shall be used and operated, to-wit:

(a) To lay, repair, replace, maintain, enlarge and operate, over and through said property, the main pipe line of said system, and any and all laterals or branch lines thereof or therefrom, which it deems necessary or convenient, to the producing wells and gauge tanks of first party, and into territory owned and operated by other parties;

(b) To construct, repair, replace, maintain, enlarge and operate in, over and across said premises, telephone and telegraph lines and water lines;

(c) The rights to enter upon said premises by any and all means and through any and all employees, for the purpose of using and enjoying said easements;

(d) The right to remove from said premises at any time any and all property of second party placed thereon; all of said rights and easements to be used and enjoyed and the property of second party to be located on said premises with due regard to the proper use of said property by first party for the production of oil therefrom.

Fourth. It is further particularly agreed, that all and singular the grants and agreements of the first party herein contained, shall be and are covenants running with and binding said lands, 415½ binding upon first party and its successors in interest in said property, and in favor of second party and its successors and assigns, and first party hereby grants to second party and to its successors and assigns a lien on the above described lands and on all of its rights and interests therein, to secure, which does and shall secure the payment by first party to second party, when due, of all charges for transportation and storage of oil and other charges hereunder, and also to secure, and which does and shall secure the faithful and specific performance by first party, and its successors in interest in said property, of all and singular its agreements herein contained, which liens shall continue in force for said term and until this contract is fully executed.

In Witness Whereof, on the day and year first above written, each of the respective parties has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary, thereto duly authorized by resolution of its Board of Directors.

By ————,
Its President, and

By ————,
Its Secretary.

PRODUCERS TRANSPORTATION
 COMPANY,

By ————,
Its President, and

By ————,
Its Secretary.

Schedule "A."

The foregoing Contract, to which this "Schedule A" is attached, and of which it forms a part, is hereafter designated "said Contract."

So much of the oil produced or controlled by first party as may be required for fuel in carrying on drilling and pumping operations on the lands upon which it is produced, together also with the amount of oil necessary to satisfy and pay royalty, in case there is any royalty to pay, and the same is payable in oil, shall be, and all of such oil is, excepted from the operation of said contract. In the event of any subsisting contracts for the sale of oil, all oil so agreed to be sold and delivered shall not come under the provisions of this contract; a memorandum of such contracts being hereinafter set forth.

All fuel oil to be transported under said contract shall be delivered by first party to second party in suitable tanks to be provided by and at the sole cost of first party, to be located on the lands from which said oil shall be obtained, so that said oil may be readily delivered into pipe line of second party therefrom.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, or such tanks get out of gauge from any cause, new gauge tables shall be made as above provided. First party shall keep its tanks in good order and tight at all times.

First party agrees that it will use its best endeavors to have all oil to be piped by second party hereunder as free as practicable from water and other foreign matter, before oil shall be offered to second party for transportation, and second party shall not be obliged to receive or transport oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by second party at the time and place of delivery of oil to it.

All oil is to be received by second party on the basis of a temperature of 60 degrees F. and a deduction or credit in the volume of oil

at the rate of one per cent for each 20 degrees over or under 60 degrees F. shall be made. Temperature reading to be made at delivery tank at time of delivery.

The expression "fuel oil," as used in said contract and in this schedule, means all oil which is not of greater value for refining purposes than for fuel, road purposes and other uses, and said expression shall be considered to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum, and the fluid residuum of refineries. The word "barrel," wherever used herein, means a barrel of forty-two (42) gallons.

The second party shall not be required to accept for pipe line transportation any oil from first party which is heavier than the average gravity of oil now being produced from said property by first party. It is expected and agreed that second party will receive for transportation and will transport through said pipe line, oil of varying degrees of density and quality, produced from various properties in said various oil fields, in addition to the property of the first party, that all oil received by second party for transportation may be commingled with oil received from other territory and other fields, and that the resulting mixture of such oils shall be delivered to and accepted by first party at the pipe line terminus, as the oil transported for first party by second party.

All oil shall be transported with reasonable diligence from point of acceptance to designated point of delivery, where it shall be promptly received by first party. Second party shall not be required to receive or transport oil at any time in excess of the carrying capacity of its pipe, pump stations or pipe line equipment. In case, at any time, the amount of oil offered second party for transportation through said pipe line system exceeds the capacity of said pipe line, then and in each such case the amount of oil to be transported at such time, for first party and for each of the other parties delivering oil for transportation through said pipe line system, shall be proportioned in proportion to the amount of oil offered by each such producer.

Whenever first party shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered into said pipe line, it shall notify the nearest agent of second party and the second party shall thereupon, within forty-eight hours after receiving said notice, gauge, test, and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in duplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material.

Second party when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of first party into the main pipe line of second party that such oil be pumped, the first party shall furnish, at its own expense, pumps under specifications of sec-

ond party, and when necessary will heat said oil and will furnish all the labor and steam necessary to operate the pump; provided, however, that first party shall not be obliged to pump against a pressure of more than 600 pounds.

Second party shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of the elements, accident, labor troubles, or other causes not under its control.

First party agrees to pay second party for transporting its oil through said pipe line system at the rate of $22\frac{1}{2}$ cents per barrel for all oil delivered to second party for transportation to tide water at or near Port Harford, and at the rate of $2\frac{1}{2}$ cents per barrel for all oil delivered to second party for transportation to f. o. b. cars at point on pipe line most convenient to pipe line company.

In case second party shall at any time store oil for first party, they shall charge, and first party shall pay, for such storage at the rate of one cent per barrel per month, if stored anywhere excepting in earthen reservoirs, and for oil stored in earthen reservoir at the rate of two cents per annum per barrel. All storage charges shall be calculated on the basis of oil on hand the first of each calendar month. No charge will be made for the following amounts of oil:

- (a) Sufficient oil to fill main pipe line;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said main pipe line system;
- (c) Sufficient oil to fill all tank ships and boats employed in this service.

Second party shall charge, and first party shall pay, the charges hereinbelow stated for transportation of oil by boats from Port Harford; these charges including dockage, wharfage and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch. The second party shall supply sufficient water transportation to permit of the transporting of said oil from Port Harford to the various points mentioned below:

Port Harford to Eureka	\$.20
" " " San Francisco Bay Points .....	.10
" " " San Diego .....	.12 $\frac{1}{2}$
" " " San Pedro .....	.10
" " " Santa Barbara .....	.07 $\frac{1}{2}$
" " " Ventura .....	.10
" " " Hueneme .....	.10

Water transportation hereunder will at all times be limited to available capacity of boats in service, which are under lease or are contracted for by second party.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be at the actual shrinkage, whether the result of leakage, evaporation, accident from fire or other causes, and shall be borne pro rata by all oil handled by second party. Storage of oil by second party herein will be at its discretion and at all times limited to its available storage facilities.

First party agrees that it shall and will upon the 20th day of each month pay second party in full for all the following charges:

(a) All the amounts due for pipe line transportation of all oil delivered to second party by first party during the preceding calendar month;

(b) All amounts due for transportation of oil in vessels during said preceding calendar month; and

(c) All amounts due for storage of oil during said preceding calendar month.

The following is a memorandum of contracts now subsisting, being contracts referred to in the second paragraph of "Schedule A."

1. Sale contract dated —, —, —, between — (the Producer) and the Independent Oil Producers Agency, covering all oil produced on the land named in the said contract, and running to and including December 31, 1919, and giving first lien on said land for the fulfillment thereof, said sale contract being recorded in the office of the County Recorder of — County on the — day of —, 19— in Vol. — of — at pages — et sequitur, to which sale contract and record reference is hereby made.

Resolution of Board of Directors.

"Whereas it has been proposed for this Company to enter into a contract for the pipage and transportation of its oil for a period ending January 31, 1920, under contract with Producers Transportation Company, a copy of which contract has been submitted to and read and duly considered by this Board of Directors, and it is deemed for the best interests of this Company that it enter into said contract;

Now, Therefore, be it resolved that this Company enter into said contract and that the President and Secretary of this Company be and they are hereby instructed, authorized and empowered for and on behalf of this Company, in its name, under its seal and as its act and deed, to execute said contract between this Company and said Producers Transportation Company.

I hereby certify that the foregoing is a true, full and correct copy of a resolution of the Board of Directors of — adopted at a regular meeting of said Board of Directors, due notice whereof was given to all of the Directors of said Company, at which meeting the majority of the Directors were present and voted, and that said resolution was adopted by the unanimous vote of the Directors present, that said resolution has been recorded in the minutes of said meeting of said Board and is now in full force and effect; and I hereby further certify that the foregoing contract for the pipage and transportation of oil, to which this certificate is attached, is the contract referred to in said resolution and which was read, considered by and acted upon by said Board of Directors.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said corporation this — day of —, 191—.

Secretary of said Corporation.

417 [Endorsed:] Contract for Pipage and Transportation of Oil with Producers Transportation Company. Dated —, 191-.

418 *List of Companies Signing Contracts with Producers Transportation Company.*

Amy Oil Company.
Alberta Midway Oil Company.
Aladin Oil Company.
Brad Oil Company.
Black Jack Oil Company.
B. & B. Oil Company.
Boston Pacific Oil Company.
Boston Petroleum Company.
B. H. & C. Oil Company.
Coalinga South Pole Oil Company.
Creme Petroleum Company.
Circle Oil Company.
Carbo Petroleum Company.
Combined Oil Company.
Clampitt, E. A.
Dominion Oil Company.
Equality Oil Company.
Essex Oil Company.
Fairfield Oil Company .
Fox Oil Company.
Hawkeye Oil Company.
Hondo Oil Company.
Homer Oil Company.
Indian & Colonial Development Company, Ltd.
Kern Four Oil Company.
Republic Oil Company.
Rambler Oil Company.
Sesame Oil Company.
St. Paul Consolidated Oil Company.
Strong Oil Company.
Shandon Oil Company.
Security Development Company.
Safe Oil Company.
T. W. Company.
Traffic Oil Company.
Traders Oil Company.
United Development Company.
U. S. Oil & Mining Company.
Cousins Oil Company.
Ruby Oil Company.
Wilbert Oil Company.
W. T. & M. Company.
Lakeview Oil Company.

- March Oil Company.
March Oil Company (Lease No. 2.)
Miocene Oil Company.
419 M. G. & P. Company.
Manley F. J. and McGinn Jno. L.
Midway Peerless Oil Company.
Mahaska Oil Company.
Madison Oil Company.
Nevada Petroleum Company.
Oil Exploration Company.
Patricia Oil Company.
Pacific-Midway Oil Company.
Paraffine Oil Company.

420

"EXHIBIT 10."

- 421 On motion of Director Leonard Merrill duly seconded by
Director Bowles the following resolution was offered for
adoption:

"Whereas, the Union Oil Company of California has made its written proposition to the Coalinga Oil Producers Agency, of Coalinga, California, and to the Independent Oil Producers Agency of Bakersfield, California, as follows:

Los Angeles, Cal.,

June 23, 1909.

To the Coalinga Oil Producers Agency, Coalinga, Cal., and Independent Oil Producers Agency, Bakersfield, Cal.

GENTLEMEN: Pursuant to conversation with your representatives in that regard, this Company begs to make you the following proposition:

(1) That this Company will join the Coalinga Oil Producers Agency with its production of fuel oil in San Luis Obispo, Santa Barbara and Fresno Counties, California, to take effect February 1st, 1910;

(2) This Company will join the Independent Oil Producers Agency with its production of fuel oil in Kern County, Los Angeles County, Orange County and Ventura County, California, to take effect February 1st, 1910;

(3) That you, and each of you will enter into the "Marketing Contract" with this Company, which contract has heretofore been approved by your respective executive committee, whereby this Company is appointed your exclusive Sales Agent for the period of ten years commencing February 1st, 1910, a copy of which proposed contract (excepting Exhibits 1, 2 and 3, to be supplied by you) is handed you herewith;

(4) The fuel oil to be handled and sold by this Company under said "Marketing Contract" shall include all oil turned in to the Agency by this Company;

(5) That this Company shall except from its oil going into the Agencies sufficient fuel oil produced by it from said various fields to enable this Company to fill and fully perform all contracts which shall be in force on February 1st, 1910 for the sale by this Company of fuel oil to parties outside of, or for the delivery outside of, the State of California; said oil to be taken as required for such purposes from such of said fields as this Company may elect.

(6) The definition of the term "Fuel Oil" in said "Marketing Contract" shall apply to said term where used in this Contract.

Your acceptance of this offer will constitute this a valid and binding contract for the purposes herein set forth.

Very truly yours,

[CORPORATE SEAL.] UNION OIL COMPANY OF CALIFORNIA,

(Signed) By LYMAN STEWART, *President*.
By GILES KELLOGG, *Secretary*.

422

Bakersfield, Cal.,

June 24, 1909.

The Independent Oil Producers Agency hereby accepts the above and foregoing offer.

INDEPENDENT OIL PRODUCERS AGENCY,

By ———, *President*.
By ———, *Secretary*.

Coalinga, Cal.,

June 25, 1909.

The Coalinga Oil Producers Agency hereby accepts the above and foregoing offer.

COALINGA OIL PRODUCERS AGENCY,

By ———, *President*.
By ———, *Secretary*.

And whereas, said "Marketing Contract" has been read by this Board of Directors and said offer of the Union Oil Company of California of said "Marketing Contract" has been thoroughly considered by this Board of Directors, and,

Whereas, we deem it for the best interests of this Company that the Union Oil Company of California should join this Agency, as proposed in said offer, and further deem it for the best interests of this Company that it enter into said "Marketing Contract" with said Union Oil Company of California and that said offer be accepted;

Now, therefore, be it resolved: That said offer, be and the same is hereby accepted, and that the President and the Secretary of this Company be, and they are, hereby authorized and instructed, for and in the name of this Company, under its seal and as its act and deed, to make written acceptance of said offer;

Resolved further: That the President and the Secretary of this Company be, and they are hereby authorized, empowered and instructed, for and on behalf of this Company, in its name, under its seal, and as its act and deed, to enter into and execute said "Marketing Contract," said officers to supply Exhibits 1, 2 and 3 for said marketing agreement and which are therein referred to, the same to be in such form and containing such terms and provisions as such officers shall agree upon;

Resolved further: That ——— of the Coalinga Oil Producers Agency and ——— of the Independent Oil Producers Agency be, and they are hereby selected as members of the 423 Arbitration Committee provided for in said "Marketing Contract" and their names shall be inserted in said contract, and that they are hereby further appointed and constituted the true and lawful attorneys in fact for this Company in all respects, as provided in said marketing agreement, with all and singular the powers of representing and binding this Company as more particularly set forth in said marketing agreement.

Resolved further: That the President and Secretary of this Company, and its Executive Committee, be and said officers are hereby authorized, empowered and instructed to take all other steps and do and perform all other acts necessary or which they deem expedient, for fully carrying into effect the provisions of said offer."

After discussion of the foregoing resolution and the roll call being requested on the adoption thereof, said resolutions were adopted on roll call by the unanimous vote of all the Directors present at said meeting.

Motion of Director Early, duly seconded by Director Wallace:

That President L. P. St. Clair be and is hereby appointed as representative of this Agency, on the Arbitration Committee provided for in the contract of Sales with the Union Oil Company of California, to serve until February 1, 1911.

Carried unanimously.

424

"EXHIBIT 11."

425 *Agreement Between Coalinga Oil Producers Agency and Independent Oil Producers Agency and Union Oil Company of California.*

June 24, 1909.

426

Preamble.

This agreement, made this 24th day of June, 1909, by and between Coalinga Oil Producers' Agency, a corporation, having its principal place of business at Coalinga, Fresno County, California, first party, and Independent Oil producers' Agency, a corporation, having its principal place of business at Bakersfield, Kern County, California, second party, and the Union Oil Company of California, a corporation, having its principal place of business at Oleum, Contra Costa County, California, third party.

First Party to Agreement.

Witnesseth: that

Whereas, first party holds sales contracts from various oil producers owning and leasing oil producing lands in the Coalinga oil fields in Fresno County, California, under which contracts first party has the sole and exclusive right for a period of ten years to handle and sell the oil which shall be produced from the various tracts of land owned and leased by the producers respectively (parties to said sales contracts), as will more fully appear from said sales contracts, all of which contracts contain the terms and are otherwise the same excepting as to names, dates, production and description of property, as the form thereof contained in "Exhibit No. 1" hereto attached, which exhibit also contains a description of the tracts of land covered by said sales contracts respectively, and the names of the various producers who have executed said sales contracts, and
427 who are operating on said tracts respectively. There is now being produced from said tracts of land, in the aggregate, about 6000 barrels of oil per day; and,

Second Party to Agreement.

Whereas, second party holds sales contracts from various oil producers owning and leasing oil producing lands in the Kern River, McKittrick, Midway and Sunset oil fields in Kern County, California, under which contracts second party has the sole and exclusive right for a period of ten years to handle and sell the oil which shall be produced from the various tracts of land owned and leased by the producers respectively (parties to said sales contracts), as will more fully appear from said sales contracts all of which contracts contain the terms and are otherwise the same, excepting as to names, dates, production and description of property, as the form thereof contained in "Exhibit No. 2" hereto attached, except where otherwise noted in said "Exhibit No. 2," which exhibit also contains a description of the tracts of land covered by said sales contracts respectively, and the names of the various producers who have executed said sales contracts, and who are operating on said tracts respectively. There is now being produced from said tracts of land, in the aggregate, about 14,000 barrels of oil per day; and,

Third Party to Agreement.

Whereas, third party holds contracts with various parties in the State of California for the purchase by it of oil and for it to handle oil to be produced from divers tracts of land, not owned by it or under lease to it, which contracts are not uniform in either terms or time of duration, but all of which contracts third party is obligated to carry out; and,

Pipe-line Contracts.

Whereas, first party and second party are each obligated
428 to transport all fuel oil produced from each of the tracts of
land covered by their respective sales contracts, and all other
oil obtained and handled by them respectively from any and all of
the oil fields and oil producing territory in said Coalinga, McKittrick,
Midway, Sunset and Kern River oil fields through and by means of
oil pipe line system to be constructed from said oil fields to Port
Harford, California, or to railway points in proximity to said oil
fields, for the period of ten years, commencing February 1st, 1910, at
the price and under the rules set forth in pipe line contracts with the
Producers' Transportation Company, each of which is similar in
form to copy of pipe line contract hereto attached marked "Exhibit
No. 3," and,

Whereas, being anxious to secure the benefits of the marketing
facilities of third party, the first party and the second party each
desires to effect arrangements whereby all fuel oil which may be
produced by each of them, and by the producers under sales con-
tracts with each of them, and all fuel oil each of them may obtain,
handle or control during the period of ten years commencing Feb-
ruary 1st, 1910, and ending February 1st, 1920, shall all be handled,
marketed and sold by the third party;

Now, therefore, in consideration of the premises, and of the
covenants and agreements herein contained to be kept and performed
by the parties hereto respectively, the parties hereto hereby agree as
follows:

First.

Third Party Sales Agent.

(a) First party hereby appoints third party its exclusive sales
agent and hereby grants to third party the sole and exclusive right
and authority to handle, market and sell all of the fuel
429 oil which the first party, and all and singular the producers
who have entered into sales contracts with it, shall produce
from any and all of the various tracts of oil producing territory
owned, leased or controlled by them respectively in the Coalinga
oil fields, or elsewhere in the State of California, referred to in "Ex-
hibit No. 1," together also with all fuel oil which first party may
purchase, handle, control, or have the selling of at any and all
times for and during the full period of ten years commencing Feb-
ruary 1st, 1910, and ending February 1st, 1920.

(b) Second party hereby appoints third party its exclusive sales
agent and hereby grants to third party the sole and exclusive right
and authority to handle, market and sell all of the fuel oil which
second party, and all and singular the producers who have entered
into sales contracts with it, shall produce from any and all of the
various tracts of oil producing territory owned, leased or controlled
by them respectively in Kern River, McKittrick, Midway and Sun-

set oil fields or elsewhere in the State of California, referred to in "Exhibit No. 2," together also with all fuel oil which second party may purchase, handle, control or have the selling of at any and all times for and during the full period of ten years commencing February 1st, 1910, and ending February 1st, 1920.

Will Maintain Production.

(c) First party and second party each hereby agrees that it shall and will use its best endeavors to maintain the aggregate daily production of oil from the tracts of land operated by it and by the producers who have entered into sales contracts with it, fully up to the amount hereinabove specified and to that end that it will take
430 all necessary steps to require and cause development work, pumping and drilling to be prosecuted diligently in all respects as provided in and required by said sales contracts which it has with the various producers, all of which oil shall be delivered to and handled by third party hereunder, at all times during said term of ten years.

Pipe-line to Handle.

(d) All fuel oil handled by third party, hereunder which shall be produced, obtained, or in any way secured or handled by first party, or which shall be produced, obtained, or in any way secured or handled by second party from the Coalinga, Midway, McKittrick, Sunset or Kern River Oil Fields, shall be transported through or by means of said pipe line system to be constructed by the Producers' Transportation Company from Port Harford to said oil fields or to said railway points in proximity to said oil fields in accordance with and in fulfillment of the said pipe line obligation of first party and second party.

Second.

Third party hereby undertakes to handle, sell and dispose of all of said fuel oil and agrees that it shall and will use its best endeavors to secure the highest market price for all of said oil and that it will make as prompt sales thereof as the conditions of the market will warrant.

Third.

Union Contracts are Part.

That the first and second parties hereto shall have the benefit of any and all sales contracts of third party for the sale of oil in the State of California, which shall be in force on February 1st, 1910, whereby other parties (not parties to this contract) agree to purchase
431 fuel oil from third party, and it is particularly understood that all such contracts for the sale of fuel oil by the third party, which shall not have been fully performed by the

third party prior to February 1st, 1910, shall on said date become and be sales contracts under this agreement, and all oil required to be delivered under each and all such sales contracts shall be taken and delivered from the oil to be produced and handled under this agreement, and the proceeds from all oil delivered under such sales contracts shall be treated in all respects as are the proceeds of all other sales made hereunder.

Fourth.

Pipe-line Charges.

(a) It is agreed between the parties hereto that all and singular the rules, regulations and provisions of Schedule "B" hereto attached, shall govern the gauging, receiving and handling of oil hereunder, and that third party may charge and shall be paid for transporting oil in pipe lines owned, leased, operated or contracted for, by it, or through which it may pipe said fuel oil, in accordance with the schedule of pipe line charges in said Schedule "B."

Boat Charges.

(b) It is further agreed that all and singular the rules, regulations and provisions of Schedule "C" hereto attached shall govern the handling and transporting of oil by boats, and that third party may charge and shall be paid for transporting oil by vessels owned, leased, operated, controlled or contracted for by it, in accordance with the schedule of water transportation charges contained in said Schedule "C."

Storage.

(c) It is further agreed that all unsold oil shall at all times be stored by first party and second party respectively, in their own storage tanks or reservoirs in the field, or at their expense wherever the same may be. All oil, after the same has been delivered to third party and prior to the sale and delivery thereof to purchasers, shall be held and stored at the charges and under and subject to all and singular the rules, regulations and terms of Schedule "D" hereto attached.

Schedules are Part.

(d) Said Schedule "B," Schedule "C" and Schedule "D," which are hereto attached, are, and each of said schedules is, hereby referred to and the same and each and every part and portion of each and all of said schedules is made a part hereof and shall be construed in connection with all other portions of this contract.

Fifth.

Charge for Selling.

As compensation and commission for marketing and selling said oil hereunder, and for guaranteeing payment for all oil which it shall sell hereunder, and also for use of its terminal facilities at various shipping and receiving stations, the third party agrees to accept, and the first party and second party hereby agree to pay to third party therefor an amount equal to ten per cent of the net amount received for all oil, which is included in, referred to or mentioned in sections "a" and "b" of paragraph "First" of this agreement, which shall be sold between February 1, 1910, and February 1, 1920. On the 20th day of each month payment shall be made of such commission and compensation, computed on all oil sold and delivered during the preceding calendar month, which payment shall be in addition to all amounts paid third party for storage and transportation of fuel oil.

Sixth.

Fuel Expected.

Third party shall have the right at all times to use any and all of said oil it may require or desire for fuel at pumping stations
433 along pipe lines and on ships or boats, also for refinery purposes in any and all of its refineries, and shall pay therefor on the basis of the average net price per barrel at the wells received by first and second parties for fuel oil sold during the month for which settlement is made.

Seventh.

Residuum Included.

In making settlements between the parties hereto, all residuum or other products of refineries, which is handled and sold hereunder as fuel oil, shall be considered and treated in all respects as having been shipped direct from the wells to the point of delivery under sale by third party; and pipeage and transportation charges shall be computed on all such fuel oil from the field of original production to the point of sales delivery hereunder, in all respects as though such oil had been transported direct from the wells and had not passed through the refinery.

Eighth.

All Oil Same Value.

Each and every barrel of fuel oil sold and delivered each month by third party under this contract, as between and among the parties

hereto, shall be considered to be equal in value, at the wells, to every other barrel of such oil sold and delivered by third party during the same month; and all accountings and settlements shall be made by pro-rating the "producers' net proceeds" (as the same is hereafter defined) of all such fuel oil sold and delivered by third party, each month among the first and second parties, in proportion to: "a" the amount of fuel oil delivered to third party by said parties respectively during such month, and "b," the amount of oil held in storage for said parties respectively on the first day of each month.

434

Ninth.

Books.

Third party shall keep a separate set of books in which shall be kept a record of all oil received, transported, handled, stored, sold and delivered, and of all other transactions arising under this contract. Said books shall at all times be open to the inspection of each and all of the members of the Arbitration Committee (hereafter provided for) and of any duly authorized representative of first or second parties.

Tenth.

Statement on the 15th.

(a) On the 15th day of each month third party shall render a written statement showing the quantity of all such fuel oil received and handled, also the quantity of all such oil sold and delivered by it hereunder during the preceding calendar month, and the proportion of such oil received by it in such month which was supplied by each of the several parties under contract to sell oil to or through third party (other than parties to this contract; said statement shall also contain itemized accounts of sales, also charges for pipeage, transportation and storage and other charges, also a statement of oil used by third party for fuel or in its refineries during such month.

Statement on the 20th.

(b) On the 20th day of each month, third party shall make payment of all amounts due first and second parties for their full amount of the "producers' net proceed" (as hereafter defined) of fuel oil sold and delivered hereunder by third party during the preceding calendar month, together also with all amounts due first and second parties for oil purchased by third party for fuel or for use in its refineries during such month.

All statements shall be rendered and all payments shall be made to the Arbitration Committee (hereafter provided for) at the office of the third party in the City of Los Angeles, California.

Eleventh.

Disbursements from Gross.

From the gross proceeds of all fuel oil sold and delivered by it each month hereunder, third party shall make the following payments and disbursements, to wit:

(a) All amounts due third party and others for pipeage and for transportation of oil by boats, cars or otherwise;

(b) All amounts due third party and others for storage of oil; and any and all other items payable under or in connection with the carrying out of this agreement;

(c) The balance which remains after the foregoing payments have been made will be the net amount received for all oil sold hereunder, and from said net amount third party shall deduct, receive and retain its compensation or commission of ten per cent of the net amount of all sales.

(d) The balance remaining after all of the foregoing payments and deductions have been made will be "the producers' net proceeds," which shall be paid to the Arbitration Committee, as provided in paragraph numbered "Tenth."

Twelfth.

Arbitration Committee.

For the determination of all questions or matters which may arise under, respecting or in any way connected with this contract, during the life hereof, an Arbitration Committee shall be appointed, consisting of four members, two members of which shall be selected and appointed jointly by first party and second party, and two members shall be selected and appointed by third party.

434b

Arbitration Committee.

The first party and second party hereby appoint L. P. St. Clair of Bakersfield, and S. W. Morshead of San Francisco as the two members of said Arbitration Committee to be selected by them, who shall serve until February 1, 1911. The said L. P. St. Clair and S. W. Morshead and their respective successors in office shall be and they are hereby made, appointed and constituted the true and lawful attorneys in fact of first party, and the true and lawful attorneys in fact of second party, with full authority to represent, act for and bind first party and second party in all matters respecting or growing out of the sale of their fuel oil or in any way connected with this contract or with the execution thereof. Said attorneys in fact being hereby given and granted full power and authority for and in the name of the first party and for and in the name of the second party to transact any and all business, sign any and all agreements, and do any and all acts and things respecting or in any way connected

with this contract, or with the sale of their fuel oil, which they deem proper, requisite or desirable.

Third party hereby appoints W. L. Stewart of Los Angeles, California, and Donzel Stoney, of San Francisco, California, as the two members of said Arbitration Committee, to be selected by it, who shall serve until February 1, 1911. Said W. L. Stewart and Donzel Stoney and their respective successors in office, shall be and they are hereby appointed and constituted the true and lawful attorneys in fact of third party, with full authority to represent, act for and bind third party in all matters respecting or growing out of this contract or in any way connected with the execution thereof. Said
435 attorneys in fact being hereby given full power and authority and in the name of third party to transact any and all business, sign any and all agreements, and do any and all acts and things respecting or in any way connected with this contract, which they deem requisite, proper or desirable.

Said Arbitration Committee when acting as such shall have the powers, perform the duties and act in all respects in accordance with the provisions of Schedule "A" which is hereto attached and is hereby referred to, and said Schedule "A" and each and every part thereof are made parts hereof for all the purposes of this agreement.

-Thirteenth.

To Commence Pipeline.

In case, for any reason, the work of constructing said pipe line system from Port Harford to said Midway, McKittrick, Kern River and Coalinga Oil Fields is not commenced on or before September 1, 1909, and thereafter prosecuted with diligence to completion, this agreement shall be cancelled and shall absolutely cease and terminate; time being hereby made the essence of this contract in that regard.

Fourteenth.

Sales Contracts Assigned.

To further secure to third party the faithful and specific performance of each and all agreements of this contract, to be kept and performed by first and second parties respectively, said first party hereby grants, transfers and assigns to third party all and singular the sales contracts scheduled in "Exhibit No. 1," and second party hereby grants, transfers and assigns to third party all and singular the sales contracts scheduled in "Exhibit No. 2;" said third party being in
435 each case hereby given full authority to enforce all provisions of each of said sales contracts, and particularly in reference to the prompt production and delivery of the full "operators' pro rata" of oil to be produced and delivered under said sales contracts respectively.

Said "Exhibit No. 1" and "Exhibit No. 2" are hereto attached, and each of said Exhibits is hereby referred to and said Exhibits and each and every part of each of them is made a part of this contract.

All grants by this contract made and all agreements herein contained by and on behalf of first party and second party are, and each of them is, and shall be covenants running with the land in favor of third party and binding upon and against first party and second party and their respective successors in interest in and to all property and property rights in this contract mentioned or referred to.

In witness whereof, on the day and year first above written, the first party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and Secretary thereunto duly authorized by a resolution of its Board of Directors, and the second party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and by its Secretary thereunto duly authorized by a resolution of its Board of Directors, and the third party has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed by its President and its Secretary thereunto duly authorized by a resolution of its Board of Directors.

437

COALINGA OIL PRODUCERS AGENCY,

By ———,
*Its President.*By ———,
Its Secretary.

INDEPENDENT OIL PRODUCERS' AGENCY,

By ———,
*Its President.*By ———,
Its Secretary.

UNION OIL COMPANY OF CALIFORNIA,

By ———, *Its President.*By ———, *Its Secretary.*

"SCHEDULE A."

Section 1.

Arbitration Committee.

The members of the Arbitration Committee shall be selected and appointed in the month of January of each year, to serve from the 1st day of February of such year for the term of one year, and until their respective successors are appointed and qualified, excepting, however, that the members of said Arbitration Committee nominated in paragraph "Twelfth" in the body of the contract to which this schedule is attached, shall serve until February 1st, 1911, and until their respective successors are appointed and qualified.

In case a vacancy occurs in said Arbitration Committee, at any time, for any cause, such vacancy shall be filled by those parties to

said contract who originally appointed the committeeman whose office has become vacant.

438 All appointments of members of said Arbitration Committee shall be certified in writing by the parties making the appointment.

Section 2.

Officers.

The Arbitration Committee shall, at their first meeting, and thereafter annually at the first meeting held on or after February 1st of each year, organize by electing from their members a President, Vice President and Secretary, who shall hold office for one year and until their successors are elected and qualified. Vacancies in such offices will be filled by the Arbitration Committee.

President. The President shall preside at all meetings, and shall sign certificates of any and all actions taken by the Arbitration Committee and any and all communications or other documents authorized or directed to be signed by the committee; and he shall transact any other business authorized by the committee.

Vice President. In the absence of the President, the Vice President shall discharge the duties of the President.

Secretary. The Secretary shall keep a record of all meetings of the Arbitration Committee, shall sign all certificates of action taken by the committee and any and all communications or other documents authorized or directed to be signed by the committee, and he shall also discharge such other duties as shall be directed by the committee.

Section 3.

Place of Meeting.

Meetings. The Arbitration Committee shall select a place for the transaction of its principal business, at which meetings shall be held, which place may be changed by majority vote of the committee.

439 Special meetings may, however, be held at any time or place when all members of the committee are present or have consented thereto in writing.

Regular Meetings. An annual meeting shall be held at ten o'clock a. m. of the first business day of February of each year.

A regular monthly meeting shall be held at ten o'clock a. m. of the 20th of each month. If such day falls on a holiday, the regular meeting shall be held at ten o'clock a. m. of the next business day. All regular meetings will be held without notice.

Special Meetings. A special meeting of the Arbitration Committee may be called at any time by order of the President or by the joint order of two committeemen. Written notice of all special meetings except those held by consent shall be mailed, postage prepaid to each member, directed to his regular postoffice address three days before the date of such meeting.

A Quorum. Three members of the Arbitration Committee shall constitute a quorum; in the absence of a quorum the members present at any meeting may adjourn to a subsequent date. An affirmative vote of three members of the Arbitration Committee shall be required for the determination of all matters acted upon.

Section 4.

Full Power.

The Arbitration Committee shall have full power and authority to determine all questions which may arise under this contract or respecting or in any way connected with its execution.

Section 5.

The Arbitration Committee shall rent or procure proper offices and office furnishings and facilities, employ any and all stenographers, accountants, clerks help and assistants they deem
440 advisable and make such other expenditures as they deem necessary for the proper and convenient discharge of their duties.

All proper expenses incurred by the Arbitration Committee shall be paid from the "Producers' net proceeds" (as defined in said contract) of oil sold under said contract.

Section 6.

Monthly Report.

The Arbitration Committee shall make monthly reports to the parties to said contract and shall on the 21st day of each month make payment of all amounts in the hands of said committee due severally to the respective parties to said contract to which this schedule is attached.

Section 7.

If at any time a majority of the Arbitration Committee are unable to agree upon any question or matters under consideration, the decision of such questions may be left to an arbiter, who shall be selected by written consent of at least three members of the committee, which consent shall specify the matter to be decided. After hearing all facts presented regarding the question or matter in controversy the arbiter shall make decision in writing concerning the matters submitted to him and such decision shall have the same effect as though adopted by the affirmative vote of three members of the Arbitration Committee; excepting and provided, however, that no question involving the modification or construction of said contract to which this schedule is attached shall in any way be affected by such arbitration.

Section 8.

Records Open.

All records of the Arbitration Committee shall at all times be subject to the inspection of the duly authorized representatives
441 of the parties to said contract to which this schedule is attached.

Section 9.

Appointing Committees.

The party or parties having the right under said contract to appoint members of said Arbitration Committee shall also have the right at any time by written notice mailed to such committeeman and to said committee, to terminate the authority of such committeeman, such revocation of power and termination of authority to take effect immediately upon receipt of such notice. At the same time of revoking such authority of committeeman the appointing power shall designate his successor in the manner hereinbefore provided.

"SCHEDULE B."

Delivery and Pipeage of Oil.

Delivery of Oil.

Deliveries of oil made under contract to which this schedule is attached (which contract is hereinafter designated "said contract") shall be made subject to and be governed by the rules, regulations, terms and conditions hereof, to-wit:

So much of the oil produced or controlled by the first and second parties and the producers from whom they have received sales contracts as may be required for fuel in carrying on drilling and pumping operations on the lands from which it is produced, together also with the amount of oil necessary to satisfy and pay royalty, where royalties under the terms of leases are required to be paid in oil, shall be and all of said oil is excepted from the operation of said contract.

The first party and second party respectively shall deliver all fuel oil, provided for in said contract, and the third party shall
442 receive said oil in suitable tanks to be provided by and at the sole cost and expense of the first and second parties respectively, and to be located on the lands on which said oil shall be obtained, so that said oil may be readily delivered into the pipe lines of third party, or into said pipe line system to be constructed to Port Harford.

Tanks.

Each of said tanks shall be properly measured and gauge tables thereof showing accurately the capacity of each of said tanks shall be made at the equal expense of the respective parties hereto. Whenever the hoops on said tanks (when they are wooden tanks) shall be driven, like gauge tables shall be made and furnished to and at the expense of the respective parties hereto. First and second parties shall keep their respective tanks in good order at all times, to prevent leakage.

Free From Water.

The first party and second party each agrees that it will use its best endeavors to have all the oil to be delivered to the third party hereunder as free as practicable from water, sand and other non-combustible substances, before said oil shall be offered to said third party, and the third party shall not be obliged to receive oil containing more than 3 per cent of water, sand and other non-combustible substances.

The expression "fuel oil" as used in said contract and in this schedule, means all oil which is not of greater value for refining purpose than for fuel, road purposes or other uses, and said expression shall be construed to include all fuel oil, gas oil, road oil, oil to be used for manufacture or extraction of asphaltum and the fluid residuum of refineries.

Gravity.

443 The third party shall not be required to accept for pipeage or pipe line transportation, either, (a) oil from the Kern River oil fields the resulting mixture of which, at any time, is heavier than fourteen degrees Baume, nor (b) oil from either the Coalinga, Midway, McKittrick, Sunset or other fields in California at any time, the resulting mixture of which is heavier than fourteen degrees Baume. It is understood that the oil from said fields which is too heavy to be transported through said pipe line, shall, so far as practicable, be transported by rail.

Gasoline Test.

All deliveries of oil hereunder as made, and before the oil enters the pipe line used by the third party shall be subjected by third party to the gasoline test customary in the field in which the oil delivered is produced, or third party may make test with centrifugal tests, for the purpose of showing the percentage of water, sand and other non-combustible substances in said oil, and as a basis for deductions to be made therefore, and deduction shall be made of and for all water, sand and other non-combustible substances found to be contained in said oil. All such tests shall be open to verification on the part of the first and second parties, and if desired, shall be made in the presence of their representatives.

Minimum Quantity.

All oil hereunder is to be received on the basis of a temperature of 60 degrees F., and a deduction or credit in the volume of oil at the rate of 1 per cent for each 20 degrees over or under 60 degrees F. shall be made, temperature reading to be made at delivery tank at time of delivery.

Whenever either the first or second parties shall have accumulated in any of said gauge tanks at least 1,000 barrels of oil and desire to have said oil gauged and delivered into the pipe line of third party, they shall notify the nearest agent of the third party and the third party shall thereupon, within forty-eight hours after receiving such notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in triplicate and to be signed by the agents of the representative parties hereto, and one of such tickets shall be delivered to third party and two of such tickets shall be delivered to the party hereto delivering the oil. Such run tickets shall show tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentages of water, sand and other non-combustible substances.

Pumping.

If it is necessary in the delivery of oil of the first and second parties to main pipe line of third party or said Port Harford pipe line system, that said oil be pumped, the first and second parties respectively shall furnish at their own expense pumps, under specifications of the third party, and will furnish all the labor and steam necessary to operate the pump, provided, however, that they shall not be obligated to pump against a pressure of more than six hundred pounds.

Said third party when running said oil from said gauge tanks into pipe line shall have the exclusive control of said gauge tanks and the oil contained therein.

Statement.

On or before the fifteenth day of each month, the third party shall render the Arbitration Committee a statement showing the gross quantity of oil received from said first and second parties respectively in and during the preceding calendar month, and the deductions therefrom as aforesaid, for water, sand and other non-combustible substances, and allowance for temperature, and the remaining oil, being the net quantity, shall be deemed to be the number of barrels of crude petroleum for which, and for which only, the said first and second parties are to receive payment under said agreement to which this schedule is attached.

Extension Pipe Line.

It is understood by the parties hereto that the third party will extend its pipe lines to the various tanks of first and second parties as they are at present located, and as they may hereafter be located, always providing however, that there is sufficient production to justify the extension of said pipe line to said tanks respectively, and that first and second parties furnish all necessary rights of way therefor. The Arbitration Committee will decide in any given case, whether or not third party shall be required to extend its pipe lines to new territory.

Third party shall not be liable at any time for failure to receive or transport any oil, if such failure is caused by the acts of the elements, labor troubles, accidents or other causes not under its control.

Schedule of Pipe Line Charges.

Charges.

For transporting said fuel oil through said pipe line to be constructed from Port Harford to said various oil fields, and railway lines in proximity thereto, the through pipe lines owned, leased, operated or controlled by third party, charges shall be paid as follows:

From wells in field Coalinga to f. o. b. cars	2½c
From wells in field McKittrick to f. o. b. cars	2½c
From wells in field Midway to f. o. b. cars	2½c
446	
From wells in field Kern to f. o. b. cars	2½c
From wells in field Sunset to f. o. b. cars	2½c
From wells in field Coalinga to ship Port Harford	22½c
From wells in field McKittrick to ship Port Harford	22½c
From wells in field Midway to ship Port Harford	22½c
From wells in field Kern to ship Port Harford	22½c
From wells in field Sunset to ship Port Harford	22½c
From wells in field Santa Maria to f. o. b. ship	10c
From wells in field Santa Maria to f. o. b. cars	10c
From wells in field San Luis Obispo to f. o. b. ship	10c
From wells in field San Luis Obispo to f. o. b. cars	10c
From wells in field Fullerton to f. o. b. points on line	10c
From wells in field Whittier to f. o. b. points on line	10c
From wells in field Ventura Co. to f. o. b. points on line	10c
From wells in field Salt Lake field to Los Angeles	7½c

No arbitrary charge for pipe line shrinkage.

All rates are per barrel of 42 gallons.

Pipe line charges between points not above scheduled shall be at rates to be fixed by the Arbitration Committee.

Third party shall furnish proper gauge tanks at all points where it takes and uses oil for fuel or refinery purposes, and all oil so used by it shall be passed through and gauged in such tanks.

Where deliveries or transportation is made by wagons, the charge for such service shall be a reasonable charge for the service rendered, and allowing only a reasonable profit, and shall be fixed by the Arbitration Committee.

Pipe line transportation hereunder will at all times be limited to capacity of the various pipe lines and pipe line appliances.

"SCHEDULE C."

Water Transportation Schedule.

Water Charges.

Third party shall make charges as hereinbelow stated for all oil transported by boats or vessels, owned, leased, operated, controlled or contracted for by it; these charges include dockage, wharfage, and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch; all rates are per barrel of 42 gallons.

Port Harford to Eureka	20c
Port Harford to San Francisco Bay points	10c
Port Harford to San Diego	12½c
Port Harford to San Pedro	10c
Port Harford to Santa Barbara	7½c
Port Harford to Ventura	10c
Port Harford to Hueneme	10c
San Francisco Bay points to Eureka	15c
San Francisco Bay points to San Diego	17½c
San Francisco Bay points to San Pedro	15c
San Francisco Bay points to Santa Barbara	12½c
San Francisco Bay Points to Ventura	15c
San Francisco Bay Points to Hueneme	15c
San Pedro to San Diego	7½c

448

San Pedro to San Francisco	15c
San Pedro to Santa Barbara	7½c
San Pedro to Ventura	7½c
San Pedro to Hueneme	7½c

Where cargoes are taken on at more than one point or where cargoes are delivered to more than one point, an additional charge for each additional hour required for the service over receiving cargo from only one point and discharging cargo at only one point, shall be made, such charge to be based on the cost of operating ship.

Where oil is delivered by water from or to points not mentioned in

the above schedule, the charge shall be made on the same basis as is the foundation for the above schedule, with the understanding that for hauls of over 200 miles the charge shall not be in excess of cents per mile per barrel and under 200 miles an additional charge may be made by the hour, on account of the increased ratio that the time for loading and discharging bears to the time required for moving from point of receiving the oil to the point of discharging the same.

Where deliveries or transportation is made by barges, the charge for such service shall be a reasonable charge, for the service rendered, and allowing only a reasonable profit, and shall be fixed by the Arbitration Committee.

Water transportation hereunder will at all times be limited to available capacity of boats in service which are owned, leased or operated by third party.

"SCHEDULE D."

Storage of Oil.

Storage Charges.

The storage charge for oil (other than in reservoirs) shall be 1c. per barrel per month; the storage charge for oil stored in earthen
449 reservoirs shall be at the rate of 2c. per barrel per annum; all storage charges shall be calculated on the balance of oil in hand on the first of each calendar month, provided, however, that no storage charge shall be made on the following amounts of oil:

- (a) Sufficient quantity of oil to fill main oil pipe lines;
- (b) 20,000 barrels of oil in tanks at each pumping station along the line of said Port Harford pipe line between the Coalinga, McKittrick, Kern River and Midway oil fields and Port Harford;
- (c) Sufficient oil to fill all tank ships and boats employed in the service, owned or controlled by third party;
- (d) Oil in tank cars in transit.

Shrinkage Charge.

No arbitrary charge shall be made for shrinkage, but shrinkage shall be the actual shrinkage, whether the result of leakage, evaporation, accidents, from fire or other causes, and shall be borne pro rata by all the oil handled by the third party. "Oil stored," meaning all oil in reservoirs, tanks, pipe lines, tank cars and vessels. All storage charges shall accrue and be payable on the 20th of each month for the amount of oil in storage on the first of that month.

Any or all of said oil may be insured at any time on order of the Arbitration Committee. All amounts paid for insurance premiums, together with all amounts paid for assessments of taxes on any of said oil shall be re-paid and deducted from first monthly settlement made after the date of such payment.

Storage of oil by third party hereunder will at all times be limited to its available storage facilities.

450

Exhibits.

Exhibit No. 1.

Contains a copy of Sales Contract between the various producers and Coalinga Oil Producers' Agency, together also with names of the various producers who have entered into such sales contracts and description of the respective tracts of land operated by them.

Exhibit No. 2.

Contains a copy of the Sales Contract between the various producers and the Independent Oil Producers' Agency, together also with names of the various producers who have entered into such sales contracts and description of the respective tracts of land operated by them.

Exhibit No. 3.

Consists of copy of Pipe Line Contracts between agencies and Producers' Transportation Company.

451

"EXHIBIT 12."

452

Los Angeles, California,

February 17, 1910.

California Coalinga Oil Co., 1001-3 First National Bank Building,
San Francisco, California.

GENTLEMEN: We beg to hand you herewith, duly executed by the Union Oil Company of California, "Sale Contract" dated December 30th, 1909, between your company as party of the first part and our company as party of the second part, for the purchase by us of all your fuel oil for the period of three years.

In executing this contract the Union Oil Company of California does so with the understanding that by the expression "the price which the Union Oil Company of California shall pay the Producer per net barrel for said petroleum or crude oil, shall be the same as the net amount, per net barrel, which during the same period shall be paid by the Independent Oil Producers Agency and the Coalinga Oil Producers Agency to the regular members of said Agencies," where used in said contract is meant the net amount paid by said Agencies to their members, per barrel of oil delivered by such members, after all deductions and charges of every kind have been made by said Agencies. In short, that the maximum amount which this company shall be called upon to pay for your oil (in excess of forty-five cents per barrel) during each three month period, is the

amount you would receive for and on account of the same oil, from the Agencies, in case you were a member of such Agencies and said oil was being handled for you by the Agencies under regular contract.

Kindly confirm our understanding in this regard on enclosed copy hereof, to be attached to our copy of contract.

Yours very truly,

UNION OIL COMPANY OF CALIFORNIA,
GILES KELLOGG, *Secy.*

San Francisco, Cal.,

- February 21st, 1910.

We hereby concur in and confirm the above understanding:

CALIFORNIA COALINGA OIL COMPANY,
By PURCELL ROWE.

453

Sale Contract.

This agreement, made and entered into, in duplicate, this 30th day of December, A. D. 1909, between the California Coalinga Oil Company, a corporation organized, created and existing under the laws of the State of Nevada, as the party of the first part, hereafter designated as the "Producer" and the Union Oil Company of California, a corporation having its principal place of business at Oleum, Contra Costa County, State of California, as the party of the second part, hereafter designated as the "Union";

Witnesseth: For valuable and sufficient consideration moving from the Union to the Producer, the Producer hereby agrees to sell and the Union agrees to buy all petroleum and crude oil produced upon and from that certain real property situate, lying and being in the County of Fresno, State of California, described as follows, to-wit:

The Southeast Quarter (S. E. $\frac{1}{4}$) and the South one-half (S. $\frac{1}{2}$) of the North one-half (N. $\frac{1}{2}$) of Section Eight (8), in Township Twenty (20) South, Range Fifteen (15) East, Mount Diablo Base and Meridian—

for a period of three years (3) beginning on the first day of February 1910, to and including the 31st day of January 1913, and the Producer agrees to deliver the same to said Union during said period up to an average maximum of Two Thousand (2,000) barrels per day (provided said Producer shall not be required to deliver more than the production of said land up to an average of Two Thousand (2,000) barrels per day less the reservation hereinafter mentioned.) The petroleum or crude oil to be delivered hereunder to be of a gravity not less than 14° Baume, at the temperature of sixty degrees (60°) Fahrenheit, and to contain not more than two per cent (2%) of foreign substance. All of said petroleum or crude oil to be delivered to said Union as soon as produced, in the gauge tanks of the Producer upon said land, and if required by the Union, all of said

petroleum or crude oil after being gauged, will be pumped by the Producer from said gauge tanks into the pipe line constructed by the Union and to connect with said tanks, and the Producer's pumps, and said oil to be pumped through the said pipe line to any point which at any time the Union may designate; provided, however, that the Producer shall in no case be required to pump against a line pressure of more than six hundred (600) pounds at the point of pump connection at the distributing or storage tanks of the Producer.

All deliveries shall be based upon the gauge capacity of the storage tanks of the Producer and all petroleum or crude oil shall immediately upon delivery into the distributing or storage tanks of the Producer become and be the property of and the title thereto shall rest in the Union.

The price which the Union shall pay the Producer per net barrel for said petroleum or crude oil shall be the same as the net amount per net barrel which during the same period shall be paid by
• 454 the Independent Oil Producers Agency and the Coalinga Oil Producers Agency to the regular members of said Agencies. But in no case shall said price so paid by the Union to the Producer be less than forty-five cents (45¢) per barrel; said guaranty of forty-five cents (45¢) per barrel shall apply to each month's production during the existence of this contract.

Settlements shall be made at the said rate of forty-five cents (45¢) for the preceding calendar month on the Twentieth (20) day of each month during the term of this contract.

And at the end of each three (3) month period settlement shall be made on the Twentieth (20th) day of the month next following for any balance due for the said period based on the net price received by the members of the Independent Oil Producers Agency and the Coalinga Oil Producers Agency during said term.

This contract shall not be assigned or transferred by either party hereto without the written consent of the other.

The Producer hereby agrees to furnish its own pump and steam required to pump said oil from the distributing tanks of said Producer to the pipe line of said Union and to operate the pump.

The producer reserves from sale under this contract so much of the oil by it produced on and from said land as shall or may be required and necessary for fuel to be used by the Producer in carrying on its business of drilling, pumping and operating on any of the lands held or operated by it, and such oil, so required, is hereby excepted from sale under this contract.

Forty-two (42) gallons shall constitute a barrel within the meaning of this contract.

Whenever the Producer shall have accumulated in any of its gauge tanks one thousand (1,000) barrels of oil and desired to have said oil gauged and delivered into said line, it shall notify the previous designated agent of the Union, nearest to said property, and thereupon the Union shall within forty-eight (48) hours after receiving said notice, gauge, test and recover said oil; each delivery of oil from said gauge tanks to the pipe line shall be evidenced by run tickets to be made at least in triplicate and to be signed by the

agent of the Union; such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other foreign materials.

All oil is to be received by the Union on the basis of a temperature of sixty degrees (60°) Fahrenheit, and a deduction or credit in the volume of oil at the rate of one per cent (1%) for each twenty degrees (20°) over or under sixty degrees (60°) Fahrenheit shall be made. Temperature reading to be made at delivery tank at time of gauging or delivery.

It is also understood that the Union shall not be required to receive oil in excess of 60,000 barrels for any one month, provided, however, that if the production should exceed said amount, the Union shall have the first privilege of taking said oil at the same prices realized by the members of the Agency for the month that the same is produced and ready for delivery, and in the event that
455 the Union does not desire to accept the same, then the Union will permit the Producer to pump the surplus through the pipe line to the railroad, and that the Union will cause the same to be loaded into the cars for shipment at an expense not to exceed two and one-half cents (2½¢) per barrel; it is further provided that if said excess over 60,000 barrels per month is not taken by the Union, as aforesaid, then the said Producer reserves the right to sell said oil to other parties.

It is understood and agreed that all oil shall be heated to a temperature of 120° Fahrenheit, if so required by the Union, before being pumped into the line by the Producer.

The Union agrees that on or before the Twentieth (20th) day of each calendar month during the term of this contract to furnish or cause to be delivered to the Producer a statement from the selling agency showing the amount per barrel realized by the agency and paid or furnished to the members of the Agency for the preceding calendar month.

It is further agreed between the parties hereto that the Union shall not be at any time liable for failure to receive or transport any oil, if such failure is caused by or due to acts of the elements, labor troubles, shortage of cars, accidents or other causes not under its control; and further that the Union shall not be liable for failure to receive or transport such oil until Producers Transportation Company's pipe line is in full operation out of the Coalinga field; it being agreed, however, that deliveries may be made in any event by the Producer commencing March 1st, 1910, and from that date on.

It is further agreed between the parties hereto that all deliveries of oil to be made hereunder shall be made under and subject to the rules, regulations, terms and conditions of "Schedule A" hereto attached, which shall govern and determine the gauging, testing and delivery of oil hereunder, which said "Schedule A" is hereby referred to and each and every part and portion thereof is made a part hereof and shall be construed in connection with all other portions of this contract.

In witness whereof, the parties hereto have caused this instrument to be executed by their respective Presidents and Secretaries and

their respective corporate seals to be affixed, all under due authorization, the day and year first above written.

[CORPORATE SEAL.]

CALIFORNIA-COALINGA OIL
COMPANY.

PURCELL ROWE, *President.*

LOWELL J. HART, *Secretary.*

[CORPORATE SEAL.]

UNION OIL COMPANY OF
CALIFORNIA.

W. L. STEWART, *Vice-Pres.*

GILES KELLOGG, *Secretary.*

"Schedule A."

The contract to which this Schedule is attached is hereinafter designated "said contract."

So much of the oil produced by the Producer as may be required for fuel in carrying on drilling and pumping operations on the lands upon which it is produced, together also with the amount of oil necessary to satisfy and pay royalty, in case there is any royalty to pay, and the same is payable in oil, shall be, and all of such oil is excepted from the operation of said contract.

All oil to be delivered under said contract shall be delivered by the Producer to the Purchaser in suitable tanks to be provided by and at the sole cost of the Producer, and to be located on the lands from which said oil shall be obtained, so that said oil may readily be delivered into pipe line of the Purchaser.

Each of said tanks shall be properly measured, and gauge tables thereof, showing actual capacity of each of said tanks, shall be made at the equal expense of the parties hereto. Whenever the hoops on such tanks (when they are wooden tanks) shall be driven, new gauge tables shall be made as above provided. The Producer shall keep its tanks in good order at all times to prevent leakage.

The Producer agrees that it will use its best endeavors to have all oil to be delivered to the Purchaser hereinunder as free as practicable from water and other foreign matter, before oil shall be offered for delivery to the Purchaser, and the Purchaser shall not be obliged to receive oil containing more than two per cent of water or other foreign matter, as shown by gasoline test to be made by purchaser at the time and place of delivery of oil to it. Deductions shall be made of and for all water, sand and other non-combustible substance found to be contained in said oil.

All oil to be received by Purchaser on the basis of a temperature of 60° F. and a deduction or credit in the volume of oil at the rate of one per cent for each 20° over or under 60° F. shall be made. Temperature reading to be made at delivery tank at time of delivery. The Purchaser shall not be required to receive any oil from the Producer which is heavier than 14° Baume at a temperature of 60° F. The word "barrel" wherever used herein or in said contract means barrel of 42 gallons.

Whenever the Producer shall have accumulated in any of its gauge tanks at least 1,000 barrels of oil and desires to have said oil gauged and delivered to said Purchaser, it shall notify the nearest agent of the Purchaser and the Purchaser shall thereupon, within
457 forty-eight hours after receiving said notice, gauge, test and receive said oil. Each delivery of oil from said gauge tanks to pipe line shall be evidenced by run tickets to be made in triplicate and to be signed by the agents of the respective parties hereto. Such run tickets shall show the tank gauge before run, gauge after run, gravity of oil, temperature of oil and percentage of water, sand and other non-combustible material.

The Purchaser when running oil from gauge tanks into pipe lines shall have the exclusive control of said gauge tanks and the oil contained therein.

If it is necessary in the delivery of oil of the Producer into the main pipe line by which said oil is to be transported by the Purchaser that such oil be pumped, the Producer shall furnish, at its own expense, pumps under specifications of Purchaser and when necessary will heat said oil up to a temperature of 120° F. if required by Purchaser, and will furnish all the labor and steam necessary to operate the pumps; provided, however, that it shall not be obliged to pump against a pressure of more than six hundred (600) pounds.

The Purchaser shall not be liable at any time for failure to receive or transport any oil if such failure is caused by the acts of God, accident, labor troubles, interruption in pipe line transportation, or other causes not under its control.

458

"EXHIBIT 13."

459

This Agreement, made the 17th day of February 1910, between Nevada Petroleum Company, a corporation organized and existing under the laws of the State of California, party of the first part, hereinafter designated the Producer, and Union Oil Company of California, a corporation organized under the laws of the State of California, having its principal place of business at Oleum, Contra Costa County, California, hereinafter designated the Purchaser.

Witnesseth:

Whereas, the producer is now engaged in producing or in preparing to produce petroleum upon and from that certain tract of land of which it is the owner, situated in the County of Fresno, State of California, described as follows:

East $\frac{1}{2}$ Section 30, T. 20 S., R. 15 E.

West $\frac{1}{2}$ Section 20, T. 20 S., R. 15 E.

N. E. $\frac{1}{4}$ Section 18, T. 20 S., R. 15 E.

And Whereas, the purchaser is desirous of purchasing from the producer all oil produced from said premises, of the grade and quality hereinafter specified, during the period of three years, within the maximum quantity and upon the terms and conditions hereinafter specified;

Now, Therefore, in consideration of the premises and other considerations adequate and valuable, the respective parties hereto moving, it is agreed as follows:

The producer agrees to sell and deliver to the Purchaser, and the Purchaser agrees to receive and buy from the Producer, all fuel oil produced upon and from said land during a period of three years, beginning on the 15th day of February 1910, up to a maximum quantity of five thousand (5,000) barrels of forty-two (42) gallons per day.

The Producer is not obliged to produce such maximum or any definite quantity of oil. It shall operate its property in the ordinary way, producing as much or as little as it may see fit to do. The Purchaser shall not be obligated to purchase or receive in any day in excess of five thousand (5,000) barrels, except as hereinafter noted.

Such quantity as may be from time to time produced up to said maximum, shall be delivered to said purchaser as soon as produced, in gauge tanks of the Producer upon said land, and if required by the Purchaser after being gauged, will be pumped by the Producer from said gauge tanks into any pipe line connected with the Producer's pumps designated by the Purchaser, and will be pumped through the same to any point which at any time the Purchaser may designate; provided, however, that the Producer shall in no case be required to pump against a line pressure in excess of 600 barrels.

The fuel oil to be delivered hereunder shall be of a gravity not heavier than 14 degrees Baume, nor lighter than 22 degrees
460 Baume, at a temperature of 60 degrees Fahrenheit, and to contain not more than two per cent of foreign substance.

This grade and quality of oil is hereinafter referred to as "fuel oil."

Should the gravity of any oil normally produced upon and from said land, exceed in gravity 22 degrees Baume, such product shall be deemed refining oil, and shall be dealt with as hereinafter provided.

If there is at any time produced upon said premises a quantity of fuel oil in excess of five thousand (5,000) barrels, per day, said excess shall be first offered to said purchaser, who shall have the option of contracting for and purchasing the same, upon the same terms as herein provided for the sale and purchase of such fuel oil up to the maximum quantity, such offer to sell and deliver to be for a specified period. If within ten days after such offer is made, the Purchaser declines or neglects to accept the same, the Producer may sell the excess product to other parties.

All deliveries of fuel oil shall be based upon the gauge capacity of the storage tanks of the Producer, and all fuel oil shall immediately upon delivery be the property of and the title thereto shall vest in the Purchaser.

The price which the purchaser shall pay the Producer per net barrel for said fuel oil, shall be the same as the net amount per net barrel which during the same period shall be paid by the Independent Oil Producers Agency and the Coalinga Oil Producers Agency to the regular members of said Agencies. By expression "net amount

per net barrel" is meant net amount actually received by such Agency members per barrel of oil delivered by them, after all deductions and charges shall have been made by the said Agencies; but in no case shall said price so to be paid the producer be less than fifty (50) cents per barrel. Settlements shall be made at said rate of fifty (50) cents per barrel for the prior calendar month on the 20th day of each month; and at the end of each six (6) months period, settlement shall be made on the 20th day of the month next following, for any balance due for the said period based on the average net price received by the members of the Independent Oil Producers Agency and the Coalinga Oil Producers Agency during said term.

As to all refining oil which may be normally produced from said land at any time during said three year period, said Purchaser shall have the option to purchase the same upon the best terms which may then be obtained by the Producer from any buyer in the market. If after an offer to sell and deliver such product to said Purchaser during a fixed time to be embodied in the offer, said Purchaser declines or neglects for a period of ten days to accept the same, said Producer may sell the same to others upon the offered terms, and may contract and agree to sell and deliver the same to such other buyer during said time.

It is further agreed that in the event of strikes, lock-outs, acts of God, accidents to wells or machinery and the occurrence of
461 other unforeseen events without the fault of the Producer, which obstruct or prevent the economic delivery of the product which is the subject of this contract, said Producer shall be excused from making deliveries until such time as such obstructions are removed or repairs are made. Should any accident occur to the pipe lines of the Purchaser, obstructing or preventing the economic transmission of such product through them, or should the Purchaser, at any time be prevented from receiving or transporting said oil, by strikes, lock-outs, acts of God or other acts beyond its control, then during such time, or times, when the Purchaser is so prevented from receiving or transporting said oil, or any thereof, said purchaser shall be excused from accepting delivery of said oil; receipt, however, to be resumed as soon as repairs may by the exercise of proper diligence be made, or as soon as said other causes of interference or delay will permit.

The Purchaser agrees, however, that all oil held in storage by the Producer, produced and accumulated during any period when the Purchaser is unable to take said oil, from any of the causes above mentioned, will be accepted and transported as well as the daily regular production. At such times and under this condition, the Producer may deliver and the Purchaser will accept up to a daily maximum of 7500 bbls. until such accumulated oil as has been stored, at the rate of not exceeding 5000 bbls. per day, owing to failure of Purchaser to move same, shall have been transported.

The Purchaser shall not be liable for failure to receive or transport oil prior to the time of completion and full operation of Pro-

ducers Transportation Company's pipe line system from Coalinga; provided, however, that deliveries may be made in any event by the Producer on March 1, 1910.

This contract shall not be assigned or transferred by the Producer without the written consent of the Purchaser.

This contract shall be deemed indivisible, and upon failure to comply with any of its terms by one of the parties, the unoffending party may rescind the same or treat the same as at an end. In case such default or failure to comply with any of the terms hereof continues for a period of thirty (30) days after written demand and performance shall have been served upon the offending party by the unoffending party —.

It is further agreed that all deliveries of oil hereunder shall be made in the manner, and subject to the tests and under the same conditions as are set forth and specified in Schedule "A," a copy of which is hereto attached and made a part hereof.

Time is the essence of this contract and all its terms.

In witness whereof, the parties hereto have caused this instrument to be executed by their respective Presidents and Secretaries, and their respective corporate seals to be hereto affixed the day and year first above written.

[CORPORATE SEAL.]	NEVADA PETROLEUM COMPANY. M. L. REQUA, <i>Its President.</i> G. D. ABBOTT, <i>Its Secretary.</i>
[CORPORATE SEAL.]	UNION OIL COMPANY OF CALIFORNIA. W. L. STEWART, <i>Its Vice-President.</i> GILES KELLOGG, <i>Its Secretary.</i>

462

"Schedule A."

(Same as Schedule attached to "Exhibit 12.")

463

"EXHIBIT 14."

464

Independent Oil Producers Agency.

Coalinga Oil Producers Agency.

Security Building.

Los Angeles, California,

April 20th, 1910.

Mr. E. L. Doheny, Los Angeles, California.

DEAR SIR: Your proposition No. 1—viz:

"Guarantee of 50 cents per barrel minimum each year by itself, 1,000,000 barrels to be taken each year and if anything received above 50 cents, Doheny to have the increased amount over and

above 50 cents; deliveries to be as nearly averaged per month as possible"

is accepted upon the understanding that deliveries of oil are to be made in quantities not to exceed 250,000 barrels each quarter year after date, and not in excess of 4000 barrels a day.

Deficiencies for any quarter not to be made up thereafter.

All present contracts for sale of oil by your American Oil Fields Company to be assigned to the Agency.

That the American Petroleum Company and American Oil Fields Company execute and deliver Agency contracts and contracts with the Producers Transportation Company on same terms and for same time as other Agency members.

L. P. ST. CLAIR.

This witnesses our concurrence:

E. L. DOHENY,
NORMAN BRIDGE,

For the American Oilfields Co. and A. M. Pet. Co.

In addition to the foregoing, it is understood that the Nevada Petroleum Company, and certain companies mentioned by Captain Barneson—(a list of which companies has been furnished to Mr. L. P. St. Clair)—also execute and deliver Agency contracts and contracts with the Producers Transportation Company on same terms and for same time as other members of the Agency have done.

Yours very truly,

L. P. ST. CLAIR.

We concur in the above subject to confirmation of Board of Directors:

JOHN BARNESON,
M. L. REQUA.

465

"EXHIBIT 15."

463

This Agreement, Made this 19th day of May, 1910, between American Oil Fields Company, a corporation, organized and existing under and by virtue of the laws of the State of California, first party, hereinafter designated the Producer, and Union Oil Company of California, a corporation, organized and existing under the laws of the State of California, second party, hereinafter designated the Purchaser,

Witnesseth:

That, Whereas the Producer is now engaged in producing or preparing to produce petroleum oil upon those certain tracts of land of which it is the owner, situated in the County of Fresno, and also in the County of Kern, State of California, and particularly described as follows, to-wit:

Patented.	In Fee.
N. $\frac{1}{2}$ and S. W. $\frac{1}{4}$ Section 36	T. 31 S., R. 22 E., Kern County, California.
N. $\frac{1}{2}$ of N. W. $\frac{1}{4}$ Section 8	T. 31 S., R. 23 E., Kern County, California.
All of Section 35 except S. W. $\frac{1}{4}$ of S. E. $\frac{1}{4}$	T. 20 S., R. 14 E., Fresno County, California.
All of Section 1	T. 21 S., R. 14 E., Fresno County, California.

Unpatented.	In Fee.
N. E. $\frac{1}{4}$ Section 31	T. 32 S., R. 24 East.
E. $\frac{1}{2}$ Section 32	T. 32 S., R. 24 East.
S. W. $\frac{1}{4}$ Section 32, except S. W. $\frac{1}{4}$ of S. W. $\frac{1}{4}$	T. 32 S., R. 24 East.

Lease.

N. W. $\frac{1}{4}$ Sec. 16	T. 32 S., R. 23 East.
-----------------------------	-----------------------

And whereas, the Producer is desirous of selling all of the oil produced from its said premises, of the grade and quality hereinafter specified, during the period of three (3) years from June 1, 1910, up to the maximum quantity and upon the terms and conditions hereinafter set forth, and the Purchaser desires to purchase said oil;

Now, Therefore, In consideration of the promises and other adequate and valuable consideration, each of the respective parties hereto moving, it is agreed between the parties hereto as follows:

1st. The Producer agrees to sell and deliver to the Purchaser and the Purchaser agrees to receive and buy from the Producer all crude petroleum oil produced upon and from said lands and all
467 portions thereof, during a period of three (3) years, beginning June 1, 1910, up to, but not exceeding, the maximum quantity of two hundred and fifty thousand (250,000) barrels during each period of three months during said term (deficiency in amount delivered during any quarter year shall not thereafter be made up.)

2nd. The Purchaser is not and shall not be obligated to receive in any day in excess of four thousand (4,000) barrels of said crude petroleum oil.

3rd. The Producer shall operate its property in the ordinary way and with reasonable diligence, but it is not hereby obligated to produce such maximum or any definite quantity of oil.

4th. Such quantity of said crude petroleum oil as shall be produced from time to time by Producer, up to said maximum quantity (of not exceeding 4,000 barrels per day and not exceeding in the aggregate 250,000 barrels for any quarter year) shall be delivered to said Purchaser, as soon as it is produced, in gauge tanks of the Pro-

ducer upon said lands and, if required by the Purchaser after being gauged, shall be pumped by the Producer from said gauge tanks into any pipe line connected with Producer's pumps, designated by the Purchaser, and will be pumped through the same to any point which at any time the Purchaser may designate, provided, however, that Producer shall not be required to pump against a line pressure of to exceed six hundred (600) pounds.

5th. Said crude petroleum oil to be delivered hereunder shall be of a gravity not heavier than 14 degrees Baume, at a temperature of 60 degrees Fahrenheit, and shall contain not to exceed two (2%) per cent of water, sand and other non-combustible substance.

6th. All deliveries of oil hereunder shall be based upon the gauge capacity of the storage tanks of the Producer, and all oils shall immediately, upon delivery, become the property of and the title thereto shall vest in the Purchaser.

7th. The Producer shall be paid for all of said crude petroleum oil delivered to and accepted by the Purchaser each year an amount equal to the net amount per net barrel which, during the same period of time, shall be paid by the Independent Oil Producers Agency to the regular members of said Agency. By the expression "net amount per net barrel" is meant the net amount actually received by such Agency members per barrel of oil delivered by them, after all deductions and charges of every kind shall have been made by said Agency. It is particularly agreed, however, that the average price which shall be paid the Producer, for oil delivered hereunder, during each year, shall not be less than fifty (50¢) cents per net barrel. Settlements shall be made on the 20th day of each month, at the rate of fifty cents per net barrel for all oil delivered to and received by the Purchaser hereunder during the preceding calendar month. At the end of each year, from the date hereof, during the term of this contract, settlement shall be made for any balance which may be due the Producer for oil delivered to and received by the Purchaser hereunder, during said period, based on the average net amount per net barrel received by the members of said Independent Oil Producers Agency during said term.

468 8th. Should any accident occur to the pipe lines of the Purchaser, or those through which it receives and transports said oil, obstructing or preventing the economic transmission of said product through them, or should the Purchaser at any time be prevented from receiving or transporting said oil by strikes, lock-outs, acts of God or other acts beyond its control, then, during said time or times when the Purchaser is so prevented from receiving and transporting said oil or any thereof, said Purchaser shall be excused from accepting delivery of said oil, receipt of oil, however, to be resumed as soon as, by the exercise of proper diligence, repairs may be made or said other causes of interference or delay removed or overcome.

9th. All deliveries of oil by Producer hereunder shall be made in the manner, subject to the tests, and under and in accordance with the rules, regulations and conditions of Schedule "A" hereto attached and which is hereby referred to, and the same and each and every

part and portion thereof is made a part hereof and shall be construed in connection with all other portions of this contract.

10th. Time is of the essence of this contract and of all its terms. This contract shall not be assigned or transferred by the Producer without the written consent of the Purchaser first being obtained.

11th. As further consideration, each of the parties hereto moving, the Producer hereby grants, bargains, sells, transfers, sets over and assigns to the Purchaser each and all the contracts it now holds for the sale of oil to other parties (not parties to this contract) a schedule of which said contracts is contained in "Schedule "B," which is hereto attached and made a part hereof, and the purchaser accepts the assignment of said sales contracts set forth in "Schedule "B" and assumes the performance of all obligations in said contracts and each thereof contained to be kept and performed by the Producer.

In witness whereof, on the day and year first above written, each of the parties hereto has caused its corporate name to be hereunto subscribed and its corporate seal affixed by its President and its Secretary thereunto duly authorized by resolution of its Board of Directors.

UNION OIL COMPANY OF CALIFORNIA,

By LYMAN STEWART, *Its President.*

By GILES KELLOGG, *Its Secretary.*

AMERICAN OILFIELDS COMPANY,

By EDWARD L. DOHENY, *Its President.*

By NORMAN BRIDGE, *Its Secretary.*

469

"Schedule A."

(Same as Schedule attached to "Exhibit 12.")

470

"EXHIBIT 16."

471 *Excerpt from Minutes of Board of Directors of the Independent Oil Producers Agency Held in Bakersfield, California, April 15, 1910.*

"President St. Clair reported that a very strong endeavor had been made to secure the membership of the American Oil Fields Company and the American Petroleum Company—being properties controlled by E. L. Doheny and properties controlled by John Barne-son and M. L. Requa—and that membership of the said companies could only be obtained under the following consideration, viz.—that the Agency would guarantee fifty (50) cents per barrel on a maximum delivery of 1,000,000 barrels to be taken each year for the three years, and that if an average price of more than fifty (50) cents was received by the Agency, for distribution among its members, the American Oil Fields Company and the American Petroleum Company should receive the increase over and above fifty (50)

cents; deliveries of such oil to be as nearly averaged per month as possible.

After discussion of this proposition by various members of the Agency, it was moved by Mr. A. J. Wallace, seconded by Mr. H. W. Thomas that the same be referred to the Executive Committee with full power and authority to act in the matter.

Carried unanimously."

472

"EXHIBIT 17."

473 This agreement, Made this 27th day of May, 1910, between

Union Oil Company of California, a corporation organized and existing under the laws of the State of California, having its principal place of business at Oleum, Contra Costa County, California, first party and Independent Oil Producers Agency, a corporation organized and existing under the laws of the State of California, having its principal place of business at Bakersfield, Kern County, California, second party:

Witnesseth:

That, whereas on or about the 30th day of December 1909, first party at the request and for the benefit of second party entered into that certain contract with the California-Coalinga Oil Company wherein said California-Coalinga Oil Company was designated the "Producer" and first party herein was designated the "Purchaser," and whereby the first party herein obligated itself to purchase from said California-Coalinga Oil Company a maximum of an average of two thousand (2,000) barrels of crude petroleum oil per day at a guaranteed minimum price of forty-five (45¢) cents per barrel, said contract to continue for a period of three years; and,

Whereas on or about the 17th day of February, 1910, first party at the request and for the benefit of second party entered into that certain contract with the Nevada Petroleum Company wherein said Nevada Petroleum Company was designated the "Producer" and first party herein was designated the "Purchaser," and whereby the first party herein obligated itself to purchase from said Nevada Petroleum Company a maximum of an average of five thousand (5,000) barrels of crude petroleum oil per day, at a guaranteed minimum price of fifty (50¢) cents per barrel, said contract to continue for a period of three years; and

Whereas, on or about the 20th day of May, 1910, first party at the request and for the benefit of second party entered into that certain contract with the American Oil Fields Company wherein said American Oil Fields Company was designated the "Producer" and first party herein was designated the "Purchaser," and whereby the first party herein obligated itself to purchase from said American Oil Fields Company a maximum of an average of two hundred and fifty thousand (250,000) barrels of crude petroleum oil for each three months, at a guaranteed minimum price of fifty (50c.) cents per barrel, said contract to continue for a period of three years; and

Whereas, it was agreed between the parties hereto at the time of making of each of said contracts that first party herein should and would assign said contracts respectively to second party and that second party herein should and would hold and keep first party harmless from all detriment and liability of whatsoever kind, under and on account of said contracts, and each thereof;

Now, therefore, in consideration of the premises and other
474 valuable considerations each of the parties thereunto moving, the parties hereto agree as follows:

1st. First party hereby sells, transfers, sets over and assigns to second party that certain contract dated December 30th, 1909, between California-Coalinga Oil Company as "Producer" and Union Oil Company of California as "Purchaser" a copy of which contract is hereto attached, marked "Exhibit A" and hereby referred to, and second party hereby accepts the assignment of said contract and hereby assumes and agrees to perform each and all of the covenants, agreements and obligations in said contract contained to be kept and performed by first party herein, and second party further agrees at all times to hold and keep first party harmless and free from all liability of whatever nature under, arising out of or in any way connected with said contract or the execution thereof by first party herein.

2nd. First party hereby sells, transfers, sets over and assigns to second party that certain contract dated February 17th, 1910, between Nevada Petroleum Company as "Producer" and Union Oil Company of California as "Purchaser," a copy of which contract is hereto attached, marked "Exhibit B" and hereby referred to, and second party hereby accepts the assignment of said contract and hereby assumes and agrees to perform each and all of the covenants, agreements and obligations in said contract contained to be kept and performed by first party herein, and second party further agrees at all times to hold and keep first party harmless and free from all liability of whatever nature under, arising out of or in any way connected with said contract or the execution thereof by first party herein.

3rd. First party hereby sells, transfers, sets over and assigns to second party that certain contract dated May 20th, 1910, between American Oil Fields Company as "Producer" and Union Oil Company of California as "Purchaser," a copy of which contract is hereto attached, marked "Exhibit C" and hereby referred to, and second party hereby accepts the assignment of said contract and hereby assumes and agrees to perform each and all of the covenants, agreements and obligations in said contract contained to be kept and performed by first party herein, and second party further agrees at all times to hold and keep first party harmless and free from all liability of whatever nature under, arising out of or in any way connected with said contract or the execution thereof by first party herein.

In witness whereof on the day and year first above written each of the parties hereto has caused its corporate name to be hereunto sub-

scribed and its corporate seal affixed by its President and its Secretary thereunto duly authorized by resolution of its Board of Directors.

[CORPORATE SEAL.]

UNION OIL COMPANY OF CALIFORNIA.

By W. L. STEWART, *Its Vice-President,*

By J. McPEAK, *Its Assistant Secy.*

[CORPORATE SEAL.]

INDEPENDENT OIL PRODUCERS AGENCY,

By L. P. ST. CLAIR, *Its President.*

By W. B. ROBB, *Its Secretary.*

475

"EXHIBIT 18."

476 *Excerpt from Minutes of Board of Directors of the Independent Oil Producers Agency Held in Bakersfield, California, May 27, 1910.*

"Moved by Mr. H. W. Thomas, seconded by Willis G. Emerson, that the assignment of contracts between the Union Oil Company and American Oilfields Company, California Coalinga Oil Company and Nevada Petroleum Company, to this Agency; and

That the agreement by the Agency to hold the Union Oil Company harmless against loss thereunder, be ratified and approved, and that the contract between the Union Oil Company and the Agency be executed after approval as to form by George W. Lane, Attorney for the Agency.

Carried Unanimously."

477

"EXHIBIT 19."

478

San Francisco, Cal.,

September 27, 1910.

Associated Oil Company, San Francisco, California.

GENTLEMEN:

In re Sale of Excess Fuel Oil.

The undersigned, the Independent Oil Producers Agency, a corporation, and in the Union Oil Company of California, a corporation, acting herein in its capacity as marketing agent of Independent Oil Producers Agency, for the purpose of making disposition of our excess fuel oil, make you the following proposition:

(1) That we make, constitute and appoint you our exclusive agent for the sale of all our excess fuel oil; that you shall use your best endeavors to secure advantageous contracts for the sale of all our said excess fuel oil; that all sales contracts shall be approved

by us before execution; that you guarantee payment of all accounts as they fall due; that as compensation and commission for such service, and the guarantee of accounts, you shall receive a total commission of ten per cent (10%) upon the net field price per barrel received by us, for all oil sold for us by you hereunder, during the life of this agreement. By the words "net field price" is meant the net amount received on all such sales after deductions have been made therefrom of all transportation, harbor, port and terminal charges. That in arriving at the net field price, the transportation charges for all oil transported by pipe lines and by vessels between the respective points set forth in schedule "A" shall be charged on the basis in said schedule specified. Schedule "A" is hereto attached and the same and all portions thereof are made a part hereof.

(2) Excess fuel oil, reserved business, and new business:

(a) We reserve from this proposition all fuel oil which may be necessary to supply the fuel needs of each of the undersigned and our subsidiary and affiliated companies, in their development, transportation and operations, also all oil required for "our reserved business;" all other fuel oil is subject to this agreement and is defined to be "excess fuel oil." It is understood that the undersigned and their subsidiary and affiliated companies may use any crude oil desired for refinery purposes; the fuel residuum, however, to be subject to this agreement. By the term "fuel oil" as used herein, is meant all crude oil and residuum used for fuel purpose, and also all road oil.

(b) "Our reserved business" shall consist of all our existing contracts which we, or either of us, have for the sale of fuel oil, and the extensions and renewals thereof, and all contracts which we may at any time make for the sale of fuel oil in Chile or Peru, S. A., also contracts for the sale of fuel oil to the Mexican National Railway Company. Our said reserved business is reserved from the operation hereof. All renewals and extensions of our existing contracts shall be taken for our account.

479 (c) That "your reserved business" shall consist of all contracts for sale of fuel oil now held by you and the renewals and extensions thereof. "Your reserved business" shall not be affected by reason of your acting as our sales agent for our excess fuel oil.

(d) New Business: shall consist of all sales and contracts for the sale of fuel oil excepting only "your reserved business" and "our reserved business."

(3) That all "new business" secured during the continuance hereof shall be taken under this agreement, and shall be filled from our fuel oil, until the total monthly oil required to fill such new business, together with that required for our said reserved business, aggregates and will maintain the monthly demand for an average monthly amount of fuel oil at least equal, in volume monthly, to oil sold by you to meet monthly demands of your said reserved business.

(4) That all contracts taken by you hereunder for our account

shall be taken in your name, and shall be forthwith assigned by you to the undersigned Union Oil Company of California. Upon the delivery of such assignments, and from and after their respective dates, the undersigned will be jointly and severally obligated to supply all oil necessary to fulfill the same at the times and in the manner specified and to make seasonable deliveries of the same at the delivery points specified, and will hold you harmless from all damage on account of any delay or failure to supply oil or make deliveries, in accordance with the respective contracts. Should any action be brought to recover damages for any alleged failure to supply oil or make deliveries in accordance with said respective contracts, the said action will be defended by us at our expense.

On the other hand, you shall guarantee payment for all oil to be sold and delivered, to the extent of deliveries actually made, under such assigned contracts, as provided in paragraph (1).

(5) That at all times, during the continuance of this agreement, you shall invoice all accounts and make all collections, and on the twenty-fifth of each month, you shall make settlement and payment in full to Union Oil Company of California for all oil delivered by the undersigned, during the preceding calendar month, on contracts taken by you hereunder.

(6) That you shall keep proper books of account of all sales and collections made hereunder, which shall be open to inspection of the duly authorized representatives of the undersigned at any and all times.

(7) That within thirty (30) days from date hereof, the undersigned will furnish you, and you shall furnish us, complete statement of all existing contracts and sales covering deliveries of fuel oil, with names of purchasers, date of making, and expiration of contract and amount of oil covered by each. Like statements to be rendered every three months hereafter during life of this agreement.

480 (8) That this agreement shall continue in full force and effect for the period of three years from the date of its acceptance, provided, however, that it may be canceled and terminated at any time by either party hereto, at the expiration of six months after service on the other party of written notice of such intended cancellation.

Your acceptance of this offer will constitute the same a valid and binding contract.

[SEAL.] INDEPENDENT OIL PRODUCERS AGENCY,
By L. P. ST. CLAIR.

[SEAL.] UNION OIL COMPANY OF CALIFORNIA,
By W. L. STEWART, *Vice-President*.

San Francisco, California,

Sept., 1910.

Independent Oil Producers Agency.
 Union Oil Company of California.

GEN. LEMEN: Your above and foregoing offer is hereby accepted and constituted a good, valid and binding contract.

Yours very truly,

ASSOCIATED OIL COMPANY,
 By W. S. PORTER.

481

Schedule "A."

Pipe Line Charges for transportation of oil by pipe lines between the following points:

From wells in field, Coalinga, McKittrick, Midway, Kern and Sunset, to f. o. b. cars in those fields...	2½¢ per bbl.
From wells in field, Coalinga, McKittrick, Midway, Kern and Sunset, to Port Harford f. o. b. ship...	22½¢ per bbl.
From wells in Santa Maria field to f. o. b. ship at Port Harford	10¢ per bbl.
From wells in Santa Maria field to f. o. b. cars at f. o. b. points on pipe lines controlled by Union Oil Company in Santa Maria fields.....	10¢ per bbl.
From wells in Fullerton field to f. o. b. points on pipe line of Union Oil Co. serving that field....	10¢ per bbl.
From wells in Whittier field to f. o. b. points on pipe line of Union Oil Co. serving that field....	10¢ per bbl.
From wells in Salt Lake field to f. o. b. cars at Union Oil Co. tanks, Los Angeles	7½¢ per bbl.

Steamer Charges for transportation of oil by vessels between the following points:

The charges below include dockage, wharfage and all port charges and are for full cargo lots received and delivered only at points where cargo can be loaded and unloaded with dispatch. All rates are per barrel of forty-two gallons. Where cargoes are taken on at more than one point, or where cargoes are delivered to more than one point, an additional charge for each additional hour required for the service over receiving cargo from only one point and discharging cargo at only one point, shall be made, such charge to be based on the cost of operating ship.

From San Francisco Bay to Seattle and Portland...	25¢	per bbl.
From Port Harford to Seattle and Portland...	25¢	per bbl.
482 From Monterey to Seattle and Portland....	25¢	per bbl.
From San Francisco Bay, Monterey and Port Harford to Eureka	20¢	per bbl.

From San Francisco Bay to San Diego.....	17½¢	per bbl.
From San Francisco Bay to San Pedro.....	15¢	per bbl.
From San Francisco Bay to Santa Barbara.....	12½¢	per bbl.
From San Francisco Bay to Ventura and Hueneme.	15¢	per bbl.
From Port Harford to San Pedro, Hueneme, Ven- tura, and San Francisco.....	10¢	per bbl.
From Port Harford to San Diego.....	12½¢	per bbl.
From Port Harford to Santa Barbara.....	7½¢	per bbl.
From San Pedro to San Diego, Santa Barbara, Hueneme and Ventura.....	7½¢	per bbl.
From San Pedro to San Francisco.....	15¢	per bbl.

All rail, tank wagon and other transportation charges not herein enumerated shall be deducted at cost.

(Lowest combination of pipe line and steamer rates to prevail and said transportation charges shall include all tolls, port, dockage, wharfage, and other expenses incident to deliveries.)

In making settlement between the parties to the contract, of which this schedule forms a part, all residuum or other products of refineries which is handled and sold hereunder as fuel oil, shall be considered and treated in all respects as having been shipped direct from the wells of production to the point of delivery under sales contract, and pipage and transportation charges shall be computed on all such fuel oil from the field of original production to the point of sales delivery in all respects as though such oil had been transported direct from the wells to the point of sales delivery without passing through the refinery. *

483

"EXHIBIT 20."

484

This contract and agreement, made and entered into this 27th day of September, 1910, by and between Independent Oil Producers Agency, a California corporation, having its principal place of business in the County of Kern, State of California, first party hereinafter called the Seller, and Associated Oil Company, a like corporation, having its principal place of business *of business* in said County of Kern, said State of California, the second party, hereinafter called the Buyer.

Witnesseth:

That for and in consideration of the sum of Ten (10) Dollars by the parties hereto interchangeably in hand paid, the receipt whereof is hereby acknowledged by each, said parties do hereby contract and agree as follows, to-wit:

Said Seller agrees to sell and deliver, and said Buyer agrees to purchase and receive, a minimum quantity of One Thousand (1000) and up to a maximum quantity of Five Thousand (5000) net barrels of crude petroleum in bulk per day, each barrel to contain, forty-two gallons each during each and every day of the three (3) year period commencing on the 1st day of October, 1910, and ending on the 30th day of September, 1913.

It is understood that said Buyer and its affiliated and subsidiary companies are extensive producers of crude petroleum in the State of California and are extensive purchasers of crude petroleum from other producers in the State of California, and it is the understanding of the parties hereto that said Buyer shall purchase of and from the Seller, and said Seller shall sell and deliver to said Buyer, all crude petroleum required by said Buyer, up to a maximum of Five Thousand (5000) barrels per day over and above the oil produced by said Associated Oil Company and its affiliated and subsidiary companies and the oil purchased and received by it from other producers engaged in producing crude petroleum in the State of California who are not themselves purchasers of oil and with which said Associated Oil Company now has contracts for the purchase of oil or is receiving oil from such producers on day runs, and under and by virtue of the terms of any extensions of said contracts which may be made during said three year period, up to the amount of oil now being purchased and received from them by the purchasers, a list of which contracts is hereto attached, referred to and made a part hereof.

Said Buyer agrees to notify said Seller of any extensions or renewals of contracts of purchase that it now has with any firm, corporation, association, person or individual from whom it is now purchasing oil.

Said Buyer shall in any event be obligated to receive hereunder One Thousand (1000) barrels of crude petroleum per day, during each day of said three year period and said Seller shall be obligated to deliver hereunder upon demand and as demanded by said Buyer quantities of oil up to Five Thousand (5,000) barrels of forty-two (42) gallons each, during each day of said three year period.

The actual amount demanded by said Buyer hereunder from time to time, up to said maximum of Five Thousand (5,000) barrels per day, shall be held and deemed to be the maximum amount said Seller shall be obligated to deliver hereunder.

485 Said oil shall be delivered by said Seller to said Buyer in either Kern River, Coalinga, McKittrick, Sunset or Midway Oil Fields, in the State of California, and at the tanks of the producers in the event that said Buyer has field lines extending thereto, and if not, then said oil shall be delivered into the pipe-line systems of said Buyer and pumped therein at a pressure not to exceed six hundred (600) pounds to the square inch, in which event Buyer is to pay for such delivery service two and one-half cents (2½¢) per barrel.

The field at which delivery is to be made shall be designated by and be at the option of said Seller.

All oil delivery hereunder shall be of a gravity of not less than fourteen (14) degrees Beaume at a temperature of sixty (60) degrees Fahrenheit.

• Said Seller shall thoroughly clean and settle said oil and deliver the same to the Buyer containing not more than two (2) per cent of sand and water and other foreign substances in each delivery.

Deductions shall be made from the gross quantity apparently contained in each delivery for all sand and water and other foreign substances contained in said oil, based upon centrifugal test to be made at time of delivery, as follows: Mixing one part of a general sample of the oil delivered with an equal part of gasoline and bisulphide of carbon and testing the mixture in the usual manner in a centrifugal testing machine, and deductions shall be made from the apparent quantity of oil contained in any delivery for the percentage of sand, water and other foreign substances so found in such oil by said centrifugal test.

It is understood and agreed that Sixty (60) degrees Fahrenheit is established as a normal temperature for all oil to be purchased and sold hereunder, and deductions shall be made from the apparent quantity contained in any delivery at the rate of one (1) per cent for every twenty (20) degrees Fahrenheit over and above said normal of Sixty (60) degrees, as shall be ascertained by thermal test made at the time of delivery, and additions shall be made at the same rate for deliveries made at a temperature below said normal of Sixty (60) degrees Fahrenheit.

Said Buyer hereby agrees to pay said Seller at the office of the Buyer in the City and County of San Francisco, California, on the 25th day of each month, for all crude petroleum fuel oil delivered to the Buyer hereunder during the preceding calendar month, at the following price per net barrel of forty-two (42) gallons each: The price per barrel of Forty-two (42) gallons each, which Buyer agrees to pay the Seller for all oil delivered to Buyer hereunder, shall be an amount equal to the average price per barrel, paid by purchasers of oil (after deduction is made of the actual transportation harbor, port and terminal charges) for all other fuel oil sold and delivered by the Seller during the month preceding that in which such fuel oil is sold and delivered to the Buyer hereunder.

The transportation charges for all oil transported by pipe lines, and by vessels between the respective points set forth in Schedule "A" shall be charged on the basis specified in said Schedule "A." Said Schedule "A" is hereto attached and made a part hereof.

In all other cases charges shall be made of actual amount paid for transportation, harbor, port and terminal charges.

That the Seller shall keep books of account of all sales and all payments made for transportation, harbor, dock and terminal charges which shall be open to inspection by duly authorized representatives of Buyer.

485½ It is mutually understood and agreed by and between the parties hereto, that neither of said parties shall be responsible for any damages or delays occasioned by or arising from strikes, or other labor disturbances, invasion, insurrection, war, flood, riot, fire, earthquakes, Acts of God or other unavoidable causes.

This contract to bind the successors and assigns of the respective parties hereto without express mention.

In witness whereof, the parties hereto have caused these presents to be executed in triplicate by their officers thereunto duly authorized

and their respective corporate seals to be hereunto affixed this day and year first above written.

INDEPENDENT OIL PRODUCERS
AGENCY,

By L. P. ST. CLAIR,
Its President,

By W. B. ROBB,
Its Secretary.

ASSOCIATED OIL COMPANY,

By W. S. PORTER,
Vice-President,

By O. E. SCRIBNER, *Secretary.*

486

Schedule "A."

Pipe Line Charges for transportation of oil by pipe-lines between the following points:

From wells in field, Coalinga, McKittrick, Midway, Kern and Sunset, to f. o. b. cars in those fields. . .	21½¢ per bbl.
From wells in field, Coalinga, McKittrick, Midway, Kern and Sunset, to Port Harford f. o. b. ship. . .	22½¢ " "
From wells in Santa Maria field to f. o. b. ship at Port Harford	10¢ " "
From wells in Santa Maria field to f. o. b. cars at f. o. b. points on pipe lines controlled by Union Oil Company in Santa Maria fields	10¢ " "
From wells in Fullerton field to f. o. b. points on pipe line of Union Oil Co. serving that field. . .	10¢ " "
From wells in Whittier field to f. o. b. points on pipe line of Union Oil Co. serving that field. . .	10¢ " "
From wells in Salt Lake field to f. o. b. cars at Union Oil co. tanks, Los Angeles.	7½¢ " "

Steamer Charges for transportation of oil by vessels between the following points:

The charges below include dockage, wharfage, and all port charges, and are for full cargo lots received and delivered only at point where cargo can be loaded and unloaded with dispatch. All rates are per barrel of forty-two gallons. Where cargoes are taken on at more than one point, or where cargoes are delivered to more than one point, an additional charge for each additional hour required for the service over receiving cargo from only one point and discharging cargo at only one point, shall be made, such charge to be based on the cost of operating ship.

From San Francisco Bay to Seattle and Portland. .	25¢ per bbl.
From Port Harford to Seattle and Portland.	25¢ " "
From Monterey to Seattle and Portland.	25¢ " "
From San Francisco Bay, Monterey and Port Har- ford to Eureka.	20¢ " "

From San Francisco to San Diego.....	17½¢ per bbl.
From San Francisco Bay to San Pedro.....	15¢ " "

487

From San Francisco Bay to Santa Barbara.....	12½¢ per bbl.
From San Francisco Bay to Ventura and Hueneme	15¢ per bbl.
From Port Harford to San Pedro, Hueneme, Ven- tura, and San Francisco.....	10¢ " "
From Port Harford to San Diego.....	12½¢ " "
From Port Harford to Santa Barbara.....	7½¢ " "
From San Pedro to San Diego, Santa Barbara, Hueneme and Ventura.....	7½¢ " "
From San Pedro to San Francisco.....	15¢ " "

All rail, tank wagon and other transportation charges not enumerated herein to be deducted at actual cost.

(Lowest combination of pipe-line and steamer rates to prevail and said transportation charges shall include all tolls, port, dockage, wharfage, and other expenses incident to deliveries.)

In making settlements between the parties to the contract, of which this schedule forms a part, all residuum or other products of refineries which is handled and sold hereunder as fuel oil, shall be considered and treated in all respects as having been shipped direct from the wells of production to the point of delivery under sales contract, and pipage and transportation charges shall be computed on all such fuel oil from the field of original production to the point of sales delivery in all respects as though such oil had been transported direct from the wells to the point of sales delivery without passing through the refinery.

488

"EXHIBIT 21."

489

September 27th, 1910.

Independent Oil Producers Agency, Los Angeles, California.

GENTLEMEN:

In re Proposed Contract of the Associated Oil Company.

At your request and in our capacity as marketing agent of the Independent Oil Producers Agency, we are today joining with you in making agreement with the Associated Oil Company, whereby said Associated Oil Company is to become the Sales Agent for all excess Agency fuel oil for a maximum period of three years, a copy of which proposed agreement is hereto attached, marked Exhibit "A" and made a part hereof.

In executing this proposed agreement, we do so under the following understandings and conditions:

(1) That said agreement with the Associated Oil Company shall in no way affect the obligation of the undersigned under its contract whereby it joined the Independent Oil Producers Agency.

(2) That the marketing agreement, dated June 24th, 1909, between Coalinga Oil Producers Agency as first party, Independent Oil Producers Agency as second party, and Union Oil Company of California as third party, shall not be construed to be, and shall not be, in any way abrogated or modified by this new agreement, and that all our rights under said marketing agreement shall remain in full force and effect, excepting only that we consent that said Associated Oil Company may act as sub-agent for sale of "Excess" Agency Fuel Oil on "new business," under the terms of said "Exhibit A" during the life of said agreement; that this company be relieved of all responsibility for making collections or payment of any
490 accounts or business so taken by the Associated Oil Company, and that we will not receive any commission on the new business on which the Associated is paid a commission under said Exhibit "A."

(3) That all contracts proposed to be taken by said Associated Oil Company, under said agreement contained in Exhibit "A" shall be approved by the Arbitration Committee, provided by Marketing Agreement of June 24th, 1909, before the same are executed by said Associated Oil Company; and that all questions concerning the interpretation, application and operation of Agreement with Associated Oil Company, contained in Exhibit "A," so far as your Company and the Undersigned are concerned, shall be determined by said Arbitration Committee.

(4) That upon the expiration, or sooner termination, of said agreement with the Associated Oil Company, the undersigned shall have the exclusive right and authority to handle, market and sell all of the fuel oil of the Independent Oil Producers Agency during the balance of the term of said Marketing Agreement of June 24th, 1909, in all respects in accordance with said "Marketing Agreement."

(5) In connection with the execution of Exhibit "A" it is understood that you are also entering into a contract with the Associated whereby you agree to sell them from 1,000 to 5,000 barrels of oil per day for a period of three years, and they obligate themselves to take a minimum of 1,000 barrels per day for such period; price payable each month to be average amount paid for your oil by purchasers of said oil during preceding month, after deduction is made of transportation, port, harbor and terminal charges. We approve
491 the making of this contract, it being understood that we receive our regular 10% commission on all sales which you may make to said Associated Oil Company under said contract or other special agreements.

Yours truly,

[CORPORATE SEAL.]

UNION OIL COMPANY OF CALIFORNIA,
By W. L. STEWART, *Vice-Pres.*
By J. McPEAK, *Asst. Secy.*

Approved and accepted:

[CORPORATE SEAL.]

INDEPENDENT OIL PRODUCERS AGENCY,
By L. P. ST. CLAIR, *Pres.*
By W. B. ROBB, *Secy.*

492

"EXHIBIT 22."

493 Union Oil Company of California, Security Building, Los Angeles, California.

W. L. Stewart, First Vice President, Manager Executive & Field Depots.

February 28th, 1912.

Mr. L. P. St. Clair, President Independent Oil Producers Agency, Los Angeles, Cal.

DEAR SIR: Confirming verbal proposition of this morning made by the writer to your Executive Committee: In order to satisfy the situation resulting from a large amount of stored oil, the storage charges for which are a monthly charge against sales and which storage oil participates monthly in sales, and therefore, handicaps to a large extent the Agency in the matter of taking in new members, and in order to satisfy some of the Agency members who desire at this time to sell their accumulated oil, I propose, on behalf of this company, that you certificate the full amount of oil on storage March 31, 1912, in the same manner and under the same contracts as you have heretofore certificated oil, with the exception that the certificates be made to run for a longer period, that is, for a time approximating four years, with the understanding that 200,000 barrels of this certificated oil shall be sold each month with current production, the Union Oil Company guaranteeing a minimum price to certificate holders of 35c. per barrel, and that the certificates will also return the full Agency price to the holders thereof; the Agency in turn to agree that in the event the price returned by the Agency shall be less than 35c., that the difference will be borne by the current production, the guarantee in this regard to be the same as that in the certificates last issued by the Agency.

We also propose that on all certificated oil there will be no charge made by us for storage.

We also propose that we will purchase any time within thirty (30) days from the delivery of all the certificates to the Producers, or from a definite date to be hereafter determined, up to at least one-half of all of the certificates offered us, and pay therefor 35c. per barrel in cash, or its equivalent, in bankable paper to run not longer than one year.

In consideration for the above, we will require an agreement so far as it can be made by the Agency, to the effect that no Agency

oil will be sold to any marketing concern during the life of the certificates, without the approval of the Union Oil Company, and further, that no new Agency members will be taken into the Agency, during the life of the certificates, without the approval of the Union Oil Company.

I gathered from the attitude of the members of the Executive Committee of this meeting, that this proposition has your approval; that it will be presented to your Board of Directors within the next ten days, and we, therefore, make the proposition good for ten days from date, that is to say, until and including the 9th of March.

Yours very truly,

W. L. STEWART,
Mgr. Ex. & Field Depts.

W. L. S.—E.

494

(Special Meeting of Directors.)

March 9th, 1912.

Resolved, That this corporation accept and it does hereby accept the offer and proposition of the Union Oil Company of California contained in its letter of February 28, 1912, and the same is hereby declared to be a subsisting and executed contract between the said Union Oil Company and this Agency; and this corporation hereby empowers and instructs its officers to proceed to fully carry out and comply with the spirit, terms and provisions of said contract in all respects:

And Further Resolved, That conformably thereto, among other things, this corporation immediately certificate the required amount of storage oil in substantial accordance with said contract, the said certificates and coupons to be substantially in the form of those heretofore issued by the Agency:

And Further Resolved, That any and all additional steps or actions required or necessary or considered desirable be forthwith taken and done by said officers in order to complete the matter at the earliest practicable date, and the President and Secretary are hereby expressly authorized to sign and attach the name of this corporation and its seal to any and all documents, contracts, certificates and other papers necessary or deemed advisable in the premises and to fully execute and deliver the same, as the act and acts of this corporation:

In case any slight variation in the proposed plan be considered necessary or desirable, the same is hereby authorized and confirmed provided the same be approved by President St. Clair, Secretary Robb, and Counsel G. W. Lane.

495

"EXHIBIT 23."

496

This agreement made this first day of April 1912, between Independent Oil Producers Agency, a California corporation, first party, and Union Oil Company of California corporation, second party,

Witnesseth:

That whereas pursuant to Sales Contracts between first party and its Agency Members, first party has received from its said Agency Members and now holds a large quantity of crude petroleum and residuum fuel oil; and under the terms of the "Marketing Agreement" between the parties hereto, dated June 24th, 1909, second party as Sales Agent, has the exclusive handling and sale of all such oil (a portion of which oil is being sold on contracts taken pursuant to agreement dated September 27th, 1910, between the parties hereto and Associated Oil Company), and

Whereas first party, in order to assist its Agency Members in financing their affairs, intends to issue to them Participation Certificates, providing for payment to them of the net proceeds of a portion of the oil heretofore delivered by them to first party, and remaining unsold, with a guaranteed minimum amount per barrel for oil covered by said certificates, which said oil is hereinafter designated "Certificated Oil" said Certificates to be known as "Participation Certificates" and to be in five series, to-wit: Series "C" embracing one hundred seventy (170) certificates, each of the denomination of (or evidencing the net proceeds from fifty thousand (50,000) barrels of such fuel oil; Series "D" embracing one hundred (100) certificates, each of the denomination of ten thousand (10,000) barrels; Series "E" embracing two hundred twenty (220) certificates, each of the denomination of five thousand (5,000) barrels; Series "F" embracing three hundred sixty (360) certificates, each of the denomination of one thousand (1,000) barrels; and Series "G" embracing eighty (80) certificates, each of the denomination of five hundred (500) barrels. Each certificates of said series respectively shall be in form and substance and the guarantee on the back thereof in the form as set forth; as to certificates in Series "C" in Exhibit 1; as to certificates in Series "D" in Exhibit 2; as to certificates in Series "E" in Exhibit 3; as to certificates in Series "F" in Exhibit 4; and as to certificates in Series "G" in Exhibit 5; each of which Exhibits is hereto attached and made a part hereof; and

Whereas, to insure the commercial utility of said Participation Certificates, respectively, first party desires that second party shall, at the time of the issuance thereof, make and execute on the back of each Participation Certificate of each said Series respectively a covenant and guarantee as set forth on the back of said Exhibits "1" "2" "3" "4" and "5" respectively; and

Whereas first party is willing to amply secure, protect and guarantee second party against all possible loss or detriment resulting from, or on account of, its making such certificates, covenant and guarantee on the back of each such respective Participation Certificates;

Now therefore, in consideration of the premises and of the agreements herein contained to be kept and performed by them respectively, the parties hereto hereby covenant and agree as follows:

497 First. That first party shall issue said Participation Certificates of said Series "C" "D" "E" "F" and "G" respectively, the same to be, respectively, in the amounts of the denomina-

tions, form and tenor and in all respects as hereinabove recited; and that when said Certificates, respectively, are ready for issuance second party shall execute the guarantee on the back of each thereof, being identical with the guarantee set forth on the back of Exhibits "1" "2" "3" "4" and "5," respectively; said certificates of said Series "C" "D" "E" "F" and "G," so to be issued to represent in the aggregate the net proceeds from the sale of eleven million (11,000,000) barrels, and no more, of said Certificated Oil.

Second. That first party has heretofore delivered to the second party and has heretofore granted, transferred, set over and assigned and does hereby grant, transfer, set over and assign, unto said second party all of the crude petroleum and residuum fuel oil owned, held, or controlled by first party, now in the tanks and containers of second party, together also with all such fuel oil owned, held and controlled by first party in all tanks, sumps, reservoirs, pipe lines and containers of every person, firm and corporation whatsoever in each and every locality and place in the State of California and elsewhere, it being the intention of first party to convey and it does hereby grant, transfer and convey to second party all of the said fuel oil already produced and controlled or owned by first party wheresoever the same may be situate; and first party hereby guarantees that said fuel oil so conveyed hereby to second party amounts in the aggregate to more than eleven million five hundred thousand (11,500,000) barrels of such fuel oil; that of said fuel oil (being upwards of Eleven Million Five Hundred Thousand barrels) Eleven Million barrels thereof is said Certificated Oil hereinabove referred to, which said Eleven Million barrels of Certificated Oil shall be held and sold as provided in said Participation Certificates; and in other particulars said entire Eleven Million Five Hundred Thousand (11,500,000) barrels of fuel oil shall be held and sold at the risk of first party and the proceeds thereof shall be disposed of as herein provided. It is particularly understood that a minor portion of said oil has not been actually gauged.

Third. At least two hundred twenty thousand (220,000) of said Certificated Oil shall be sold for first party by second party during each month, commencing with the month of April 1912, until all of said Certificated Oil shall have been sold. It is further understood and agreed that second party may, at any time, when sufficient other Agency oil is not available therefor, make sale of and deliver Certificated Oil in any required amounts on and for the purpose of filling contracts for sale of fuel oil, taken by second party under and pursuant to said Marketing Agreement of May 24th, 1909, and said contract of September 27th, 1910.

Fourth. That from the "Producers Net Proceeds" (as defined in said "Marketing Agreement" of June 24th, 1909) of all oil which shall be sold by second party for first party under said "Marketing Agreement" (including said Certificated Oil and including also all oil whenever or wherever received by second party from first party and sold under said "Marketing Agreement" or pursuant to said contract of September 27th, 1910) during each month, commencing with "Producers Net Proceeds" from sale of said oil for the month

of April 1912, until all of said Certificated Oil shall have been sold, second party shall deduct an amount equal to the amount which, under the terms of said Participation Certificates is to be deposited on account of Two Hundred twenty thousand (220,000) barrels of Certificated Oil, sold during the second preceding calendar month (such deductions and payments commencing in June 1912), deduction shall also be made therefrom of an amount equal to the amount which, under the terms of said Participation Certificates, is to be deposited on account of all Certificated Oil (in excess of said Two Hundred twenty thousand barrels) which shall have been sold during said second preceding calendar month, commencing for such sales made in the month of April 1912. It is further agreed that the net amount so to be deducted and deposited by second party each such month, shall not in any case be less than a sum equal to 35c. per barrel for each barrel of said Certificated Oil so sold during said second preceding calendar month, but otherwise shall be the same amount per barrel as shall be payable by the Independent Oil Producers Agency to Agency Members for like oil sold during the same month, as provided in said Participation Certificates.

The amount so deducted by second party each such month shall, on the 20th day of each of the fifty consecutive months commencing with June 20th, 1912, unless sooner paid in accordance with the provisions of said certificates, be deposited by second party with the First National Bank of Los Angeles, California, pursuant to, and in fulfillment and satisfaction of second party's obligations in that behalf contained in said covenant on the back of said Participation Certificates. That the portion of said "Producers' Net Proceeds" which shall remain after said deduction shall have been made, for each of said months shall be paid by second party to first party as provided in said "Marketing Agreement," (said "Marketing Agreement" is not, and shall not be construed to be, in any manner or to any extent modified hereby.)

Fifth. First party hereby guarantees and agrees to hold second party harmless from all loss and detriment of whatsoever nature, from and on account of making of said guarantee on the back of said respective Participation Certificates, and each thereof.

Sixth. That if for any reason prior to the 20th day of either or any of the fifty consecutive months, commencing with June 20th, 1912, second party shall not have received as net proceeds from certificated oil sold by it during the second preceding calendar month, or shall not have had "Producers Net Proceeds" due to first party for any month, the same being hereby made available, sufficient to meet and fully cover the payment required to be made by second party under its guarantee on said Participation Certificates, respectively, then, and in such event, and in each and every of such events, first party hereby guarantees that it shall and will forthwith on demand pay to second party an amount sufficient to meet and cover each such deficiency, or second party may, at its option, make sale of any portion of any of said fuel oil at any time, received by second party from first party, (either any portions of the five hundred thousand barrels of oil, guaranteed by first party to be

delivered, and hereby assigned to second party by first party in excess of said Certificated Oil, or any oil which shall hereafter be delivered to second party by first party pursuant to said Marketing Contract, all of such oil being hereby granted and assigned to second party for the purposes hereof), at such price and on such terms as second party may deem best, using the net proceeds (after all deductions are made as provided in said "Marketing Agreement") to pay such deficiency; or second party may advance the fund
499 necessary to pay any such deficiency and the same, together with interest thereon at the rate of seven per cent per annum shall be repaid by first party on demand.

It is further agreed that after second party shall have paid and discharged all and singular the payments and obligations in said Participation Certificates, respectively, contained to be paid and discharged by it, second party shall and will retransfer and reconvey to first party any portion of the oil hereby assigned by first party in excess of said Certificated Oil so delivered, transferred and conveyed to second party as hereinabove set forth, if any then remains in the hands of second party. First party shall pay all expenses in connection with said entire Eleven Million five hundred thousand barrels of oil and all other oil at any time received by the second party hereunder, excepting only storage charges on the Certificated Oil—which shall be borne by second party. First party shall assume and does hereby assume all responsibility for all loss of, or to such oil and any and all thereof, by reason of fire, leakage, evaporation, defective or injured containers, accidents and any and all causes whatsoever, either similar or dissimilar to those hereinabove enumerated, subject, however, to the provision hereinafter contained.

Seventh. First party hereby agrees to maintain the quantity of said oil in the hands of second party against all diminution from any and every cause whatsoever, excepting only sales thereof as herein provided. First party further guarantees that if, after accurate gauge of all tanks and reservoirs, it shall be ascertained that the amount of such fuel oil actually turned over to second party on the date hereof, is less than eleven million five hundred thousand barrels of such fuel oil, then and in that event it shall and will, within three months after the correct amount shall have been ascertained by such gauging, deliver to second party an additional amount of oil sufficient to make up the deficiency. In case at any time or times it shall be ascertained that said guaranteed amount of oil, to-wit: a minimum of Eleven Million Five Hundred Thousand barrels of oil, so hereby assigned and transferred to second party by first party,—shall have been diminished in any quantity or amount or to any extent whatsoever, by any cause whatsoever other than by sale or oil as herein and in said Participation Certificates provided, then and in that event, first party shall and will forthwith on demand of second party, and as often as second party shall rightfully make demand therefor, deliver to second party additional amounts of such oil sufficient to make up such diminution.

Eight-. No portion of said Certificated Oil shall be stored in any containers—other than those now utilized for or containing such oil—until the same shall have been approved by the Agency, pro-

vided, however, that in case of accident or emergency second party shall have the right to procure or construct and utilize any available containers or means of saving such oil.

It is understood and agreed also, that the second party has provided and has now ready for use on earthen or clay lined reservoir known as Reservoir #4 and located in San Luis Obispo County, California, and that in respect to such reservoir the first party will forthwith inspect such reservoir, and shall it be shown on such investigation that it is as tight and otherwise as desirable as the average earthen reservoir constructed for storing oil, it shall forthwith be approved by the first party for the storage of said oil and notice to that effect in writing be sent to the second party.

In case at any time the physical condition of any of the containers in which second party is or may be carrying any portion of Certificated Oil becomes such as to render the same unsuitable for the further storage of oil therein, by reason of which an abnormal loss of oil would occur, the Agency shall give second party notice in writing, specifying that it considers such container, or containers unsuitable for storage of oil, with a statement of its reasons for such disapproval, and a request for the discontinuance of the usage of each thereof, and as soon as practicable after receipt of such notice the second party shall either commence the removal of such oil from such container, and thereafter remove the same with reasonable diligence to other available containers, which shall be approved by the Agency; or second party may elect to keep said oil in such containers, and thereafter itself bear all loss or shrinkage to such oil contained therein in excess of the normal or ordinary loss which would reasonably be expected to occur in containers of similar construction in like location under normal conditions.

Provided, however, that in case any container to which objection shall have been made by first party, shall be repaired by second party at its own expense so that the loss of oil therefrom will not exceed the normal loss, character and location of container being considered, then upon completion of such repair said reservoir may thereafter be used for the storage of such oil. In such case, however, all loss of such oil, in excess of the normal loss, occurring after the receipt of such notice and before the completion of such repairs, shall be borne by the second party.

Provided further that second party shall bear no portion of the loss or shrinkage of oil in any such containers to which first party shall have made objection and from which second party shall remove oil with reasonable diligence.

The party of the first part shall have a right at all reasonable times to inspect and examine the said containers for the purpose of ascertaining their condition and examining their contents.

Ninth. On the 20th day of each and every month, so long as any of said Certificated Oil herein referred to shall be in storage the second party shall furnish to the Agency a statement as of the first of that month, showing the location of each and all regular storage containers, the gross and net quantities of oil contained therein, determined by customary gauging practices, and showing as nearly as

possible the amount of loss sustained during each month, and as near as possible the cause or occasion of such loss.

In case of the failure of second party to furnish any such report at the time hereinbefore provided and the continuance of such failure for the period of thirty (30) days after written demand 501 therefor, then the Agency shall be relieved from the requirement to maintain the quantity of such oil against such loss as may have occurred since the date of the last statement rendered by second party, as herein provided, up to and until second party shall render the report theretofore demanded and respecting which second party shall be in default together with all other reports, due hereunder, to the date of the rendition of such demanded report, and the second party shall bear all loss of oil which may occur during such continuance of such default. It is understood, however, that the obligation of the Agency to maintain the quantity of oil as hereinbefore provided shall revive and be in full force and effect regarding all loss of oil after the termination of such default.

In witness whereof, as of the day and year first above written, each of the parties hereto has caused its name to be hereunto subscribed and its seal affixed by its President or its Vice-President and its Secretary, thereunto duly authorized by its Board of Directors by resolution adopted by such board.

INDEPENDENT OIL PRODUCERS
AGENCY,

By L. P. ST. CLAIR, *Its President*, and
W. B. ROBB, *Its Secretary*.

UNION OIL COMPANY OF CALI-
FORNIA,

By W. L. STEWART, *Its Vice-President*, and
GILES KELLOGG, *Its Secretary*.

[SEAL.]

(Here follows participation certificate attached, marked page 502.)

CHART

TOO

LARGE

FOR

FILMING

503

"EXHIBIT 24."

504

This Agreement made as of the first day of April 1912, between the Independent Oil Producers Agency, a California corporation, which is hereinafter called the "Agency," and the Union Oil Company of California, also a California corporation, hereinafter called the "Union."

Witnesseth:

Whereas on February 28th, 1912, the Union made an offer to the Agency concerning certain Certificates which have since been called the Independent Oil Producers Agency's Participation Certificates, which offer by the Union contained the following clause among others, to-wit:

"In consideration for the above we will require an agreement, so far as it can be made by the Agency, to the effect that no Agency oil will be sold to any marketing concern during the life of the Certificates without the approval of the Union Oil Company, and further that no new Agency members will be taken in during the life of the Certificates without the approval of the Union Oil Company;" and

Whereas thereafter on the ninth day of March 1912, at a Special Meeting of the Board of Directors of the Agency, called and held for the consideration of said offer of the Union, the said Board of Directors did then and there accept the said offer and proposal containing the said provision above quoted and did direct, empower and instruct the officers of the Agency to proceed to fully carry out and comply with the spirit, terms and provisions of the contract so made; and

Whereas the said Participation Certificates have been duly issued containing the said guarantee of the Union and all other provisions agreed by said offer of the Union to be embodied
505 therein.

Now, therefore, in consideration of the above and of these presents the Agency covenants, agrees and binds itself irrevocably as follows:

No Agency oil shall be sold to any marketing concern during the life of said certificates, or any of them, without the approval of the Union, such approval to be obtained by the Agency in writing beforehand, provided, however, that no existing contracts made by the Agency and heretofore consented to by the Union shall be affected by this provision.

The term "Agency Oil" shall be deemed to include and does include any and all fuel oil, as the said fuel oil is described in the marketing agreement between the Agency and the Union, dated June 24th, 1909, which is now or may hereafter be owned by or under the control of the Agency. The said term "Agency Oil" shall not include any other beside fuel oil as so defined and the term "Marketing Concern" shall be deemed to mean and does mean and include any and every person, co-partnership, association, cor-

poration, or any legal entities which may be engaged during the life of this contract in the business of marketing, selling or dealing in petroleum oil.

The expression "Life of the Certificates" means the time that said certificates, or any of them, shall be outstanding obligations against the Agency, but such period shall not extend beyond the day of maturity and payment in full of all, including the last and all preceding coupons attached to said certificates, (the date of maturity of said last coupon is July 20th, 1916). Receipt by the Union of funds for the purpose of payment of any coupon or coupons shall be considered payment thereof for purposes hereof. Moreover, it is understood that the said life of the Certificate may expire sooner than said 20th day of July 1916, to-wit: At
506 any time prior thereto when all of said certificates and coupons shall have been paid or otherwise properly retired.

The Agency further covenants, promises and agrees and irrevocably binds itself as follows, to-wit:

No new members will be taken into the Agency during the life of said certificates without the approval of the Union Oil Company.

The expression "New Agency Members" shall be deemed to, and does cover and embrace any and all persons, co-partnerships, associations, corporations, or other legal entities which may hereafter become connected with the Agency by virtue of entering into a sale contract with the Agency, whether said sale contract shall be in the present form or any other form embodying the same, or substantially the same general features thereof, and shall also and does include any and all persons, co-partnerships, associations, corporations or other legal entities which may hereafter become in any manner entitled to beneficial ownership of any share or shares of the capital stock of the Agency, or to a vote or right of representation in its proceedings or the conduct of its business. Said expression "New Agency Members" shall also include any members who may be the successors in interest, or assignees or transferees of those now holding sale contracts executed with the Agency or who are now the beneficial owners of capital stock of the Agency. But nothing herein contained shall be deemed to prevent Agency members who are beneficial owners of stock in the Agency, from appointing, from time to time, new or different trustees to represent them in the manner now customary.

The term "Life of the Certificates" last herein recited shall be deemed to have the same definition as previously indicated above.

507 The expression "approval of the Union Oil Company" last recited above, shall be and is hereby held to mean the written approval of the Union.

In witness whereof the said parties hereto have caused these presents to be executed and their respective corporate names subscribed and their respective corporate seals attached hereto by their respective

officers thereunto duly empowered, all under due authorization and as of the said date first hereinabove written.

[SEAL.] INDEPENDENT OIL PRODUCERS AGENCY,

By L. P. ST. CLAIR, *President*,

By W. B. ROBB, *Secretary*.

[SEAL.] UNION OIL COMPANY OF CALIFORNIA,

By W. L. STEWART, *Vice-President*,

By GILES KELLOGG, *Secretary*.

508

"EXHIBIT 25."

509

Los Angeles, Calif.,

December 27, 1912.

Mr. L. P. St. Clair, President, Independent Oil Producers Agency Building.

DEAR SIR: Confirming verbal of the other day: in order to facilitate the strengthening up and growth of the Agency, we believe that it is necessary and desirable at this time to open its doors and take in new members, but we understand there is a considerable opposition to this plan on the part of the present membership on the ground that new members will bring in new oil, which will displace some fraction of the old members' market, and thus, the old members' returns will be cut down; but we understand that if the present members could be assured that for a reasonable period of time the coming in of new members would not cause a curtailing of their returns, they would not only not object to new members coming in but would heartily support such a movement. Therefore, believing it to be to the best interest of the Agency, and therefore ourselves, to at this time increase the membership of the Agency we will agree, and do agree, that to the extent you take in new members at this time up to a maximum of 10,000 barrels per day of production, we will agree that for a period of one year thereafter this amount of oil so taken into the Agency will not be the means of curtailing returns, from sales, to the present members.

If necessary, this information can be reduced to a form of contract at the proper time, which would perhaps be more effective to holding us to such an undertaking. The one year period mentioned

510 above shall begin the 15th day of April 1913.

The foregoing constitutes a contract between the Union Oil Company of California and the Independent Oil Producers Agency as of April 14th, 1913.

[CORPORATE SEAL.]

UNION OIL COMPANY OF CALIFORNIA.

W. L. STEWART, *Vice-President*.

J. McPEAK, *Assistant Secretary*.

[CORPORATE SEAL.]

INDEPENDENT OIL PRODUCERS AGENCY.

L. P. ST. CLAIR, *President*.

W. B. ROBB, *Secretary*.

Testimony of L. P. St. Clair on Behalf of Independent Oil Producers Agency, from Transcript of Testimony Taken at Hearing Before Railroad Commission, Pages 30 to 66, Inclusive.

L. P. ST. CLAIR, a witness called in behalf of Independent Oil Producers Agency, being duly sworn, testified as follows:

Direct examination:

Mr. Lane: Mr. St. Clair, you are the president of the Independent Oil Producers Agency, respondent here?

A. Yes sir.

Q. Does the agency operate, own, manage or control a pipe line or any part of a pipe line, plant or equipment in the state of California for the transportation of crude oil?

A. No sir.

Q. Does the agency own, operate, manage or control any pipe line or part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof, directly or indirectly?

A. No sir.

Q. Does the agency own, operate, manage or control, directly or indirectly, any pipe line or part of pipe line, plant or equipment for the transportation of oil over, across or under any right of way of a railroad corporation?

A. No sir.

Q. Public highway?

A. No sir.

Q. Has the agency any transportation facilities for oil?

A. No sir.

512 Q. Does it control, indirectly or directly, any transportation facilities for oil?

A. I do not know as I understand your question.

(The reporter thereupon read the previous question.)

A. The agency has a contract with the Producers Transportation company for the transportation of its oil over a period of years.

Q. What is the character of that contract in general?

A. Contract with the Producers Transportation Company for the transportation of oil, the oil controlled by the agency, for a period of ten years, under certain regulations and at certain prescribed rates.

Q. Those rates are specified in the contract, are they?

A. Yes sir.

Mr. Lane: If the board please, we have a copy of that contract on the way here from Los Angeles; it has been mislaid in the mail; we will furnish a copy of that contract to the Commission. Might I inquire from Mr. Toland if he has a copy of that contract?

Mr. Toland: It is attached to the report made by the Producers Transportation Company.

Commissioner Eshleman: Which has been filed?

Mr. Toland: Which has been filed.

Commissioner Eshleman: Well, if it is already filed and before the Commission, an additional copy will not be necessary.

Mr. Lane: That is all I desire to ask.

Commissioner Eshleman: Mr. Heney, do you desire to ask some questions?

Cross-examination:

513 Mr. Heney: Is there more than one contract in existence in connection with the Independent Oil Producers Agency for the transportation of oil?

A. More than one contract with the Producers Transportation Company?

Q. Yes.

A. I might explain: There were two agencies, the Coalinga Oil Producers Agency and the Independent Oil Producers Agency, both of whom had contracts with the Producers Transportation Company; later on both agencies were merged.

Q. And they now operate under one contract?

A. Practically so, yes sir.

Q. You say practically?

A. Yes, that is true, they operate under one contract.

Q. It is exactly the same contract?

A. Yes.

Q. Now then, does the Producers Transportation Company have a contract with each member of the Independent Oil Producers Agency also?

A. Yes.

Mr. Lane: We have copy of that if you desire it.

Mr. Heney: Yes, we would like to have copy of that left with the Commission.

Commissioner Eshleman: You will file that, Mr. Lane.

Mr. Lane: Here is the subsequent form of the same contract; the two together show the whole conditions (handing to Commission-).

Commissioner Eshleman: We desire, Mr. Lane, as we have already stated, copy of the articles of incorporation.

Mr. Lane: Yes, your Honor, we will supply that.

514 Mr. Heney: In the paper filed before the Railroad Commission, being an appearance and statement of the Producers Transportation Company, is the copy that is set out here of the contract a correct copy of the contract you just referred to, do you know?

Commissioner Eshleman: That, of course, is not filed in behalf of this company, Mr. Heney, and Mr. St. Clair might very well not know, but you can tell by inspecting it.

Mr. Heney: Are you the president of the Producers Transportation Company?

A. Yes sir.

Q. And likewise of the Independent Producers Agency?

A. Yes sir.

Q. You are the manager and direct the policy of the Producers Transportation Company's pipe line?

A. No sir.

Q. If you don't—you say you don't do so.

A. No sir.

Q. You did at one time,

A. No sir.

Q. As the president of the company have you the handling of the operation of these lines,

A. No sir.

Q. Well, just what do you do as president of that company.

A. I am merely the nominal president, no salary.

Q. Under this contract with the Producers Transportation Company, the oil is delivered at Port Hanford through the pipe line—the oil of the different members of the agency?

A. Port Hartford, the terminus.

Q. Oh, I should have said Port Hartford. Who is the marketing agent under that contract? Does not the contract under
515 which this oil of the different members of the Independent Agency which is transported to Port Hartford, does not that contract provide there shall be a selling agent which shall have the control of the sale of all the oil?

A. I don't think that contract does, Mr. Heney.

Q. There is a separate contract for that purpose, is there?

A. Yes sir.

Q. Between whom?

A. Between the agency and the Union Oil Company.

Q. Between the agency and the Union Oil Company?

A. Yes sir.

Q. And does the Union Oil Company own a majority of the stock of the transportation company—of the pipe line company?

A. I think it does.

Q. The Union Oil Company is the selling agent for all the oil of the Independent Producers Agency?

A. Yes—all of the fuel oil.

Q. What do you have, if anything, to do with the selling of the oil for the Independent Producers Agency?

A. Well, all of the contracts taken for the account of the agency have the Union Oil Company as the marketing agent, has to be approved.

Q. Is that provided for in the contract?

A. Yes sir.

Mr. Lane: I think a copy of that contract—I have it right here if you desire it filed.

Commissioner Eshleman: Yes, file that.

Mr. Heney: I think you said that the Producers Transportation

Company has a separate agreement also with each one of the members of the agency?

A. Yes sir.

516 Q. And has that contract been filed, Mr. Lane?

Mr. Lane: Yes, that is the one, in the same paper.

Mr. Heney: Is the General Petroleum Company a member of the agency?

A. No sir.

Q. Is the matter of admitting it as a member of the agency under consideration at this time?

A. No sir, is not under consideration at this time.

Q. It has been recently, has it not?

A. It has.

Q. Has it been settled it shall not go in?

A. Yes sir.

Q. How much oil does the Independent Producers Agency handle?

A. Approximately a million and a half barrels a month.

Q. And how many pipe lines has the Producers Transportation Company?

A. They have one pipe line system.

Q. In a general way, will you state the location of that?

A. They have an 8-inch pipe line from Coalinga to a point in the San Joaquin Valley called Junction; they have an 8-inch pipe line from the Maricopa field to this same point, Junction; they have an 8-inch pipe line from the Kern River fields westward to McKittrick, and two 8-inch pipe lines from Junction to Port Hartford.

Q. And what is the capacity of the two pipe lines from Junction to Port Hartford?

A. Well, it will depend largely upon the gravity of oil that is moved through that line; I should say a nominal capacity of 35,000 barrels per day.

517 Q. For the two?

A. Yes sir.

Q. After the oil reaches Port Hartford—the oil of the Independent Producers Agency—how is it taken away from there?

A. By boats.

Q. And who owns those boats?

A. Either owned or chartered or leased by the Union Oil Company?

Q. There is an additional charge provided for in this contract for carrying the oil from Port Hartford to other points, to be paid to the Union Oil Company?

A. Which contract are you referring to, Mr. Heney?

Q. The contract under which the Independent Producers agree to have their oil transported through this pipe line of the Producers Transportation Company. Does that provide also for carrying oil away from Port Hartford?

A. I think there is a schedule attached to that contract which

refers to the transportation of oil by water; I haven't reviewed it for some time and my memory is not clear.

Q. And fixes rates?

A. Yes sir.

Commissioner Eshleman: Does all this appear in the contract you have filed, Mr. Lane?

Mr. Lane: I beg pardon—

Commissioner Eshleman: Mr. Heney is interrogating the witness with reference to a schedule of charges for the transportation of oil from Port Hartford to various points by the Union Oil Company by steamers; the witness has testified he thinks there is a schedule of rates attached.

518 Mr. Lane: I am not sufficiently familiar with that form of contract to say whether the schedules for the points away from Port Hartford or not are in there—it is in that schedule which Judge Toland filed.

Commissioner Eshleman: If this information is available we would like to have it.

Mr. Lane: It is in the contract I think—I should like to see that for a moment, the one that Judge Toland filed.

(Paper handed to Mr. Lane.)

Mr. Heney: Can you tell us approximately, Mr. St. Clair, what percentage of the total production of oil last year was handled by the Independent Producers Agency?

A. Roughly speaking I should say 22 per cent.

Q. That includes the Union Oil Company as a member of the agency, does it not?

A. Yes sir.

Q. And what did the sale of oil net the members of the agency last year per barrel?

A. Various prices; the price changes monthly, you know.

Q. Well, what did it range between?

A. Oh, between—last year?

Q. Yes. Say the last fiscal year, the first of July to the first of July, can you give it that way?

A. The price run from 30 to 36 cents—35 cents.

Q. And what would that average about for the year?

A. I should say it would average 34 cents or 34½.

Mr. Heney: I think that is all.

Mr. Booth: May I ask a question?

Commissioner Eshleman: Certainly.

519 Mr. Booth: Do you mean 22 per cent of the production of all the fields?

A. All the state's production, I was speaking of.

Q. All the entire production of the state?

A. Yes sir.

Q. And that includes all of the fields?

A. Yes sir.

Q. And 35 cents a barrel for what quality of oil, what was the average of the qualities?

A. No, I am speaking now of fuel oil, that is, oil of say an average gravity of 14, 14½ or 15.

Q. Below what gravity do you call fuel oil?

A. Well, I don't know—I should say anything below 18.

Mr. Booth: That is all.

Commissioner Eshleman: Mr. St. Clair, state briefly just what the function of your agency is, what you are incorporated to do and what do you do?

A. The agency is a non-profit cooperative organization that handles the oil of 175 smaller producers in the state of California. This contract with the producer provides that all the oil is to be delivered to the agency for sale and to be sold to the best advantage, and any charges incident to the selling of the oil are to be deducted, and the net return given over to the producer. For its services it is permitted to charge a half a cent per barrel for handling the oil.

Commissioner Eshleman: Now, you have—as I understand it, your patrons or the agency members have an exclusive contract, that is, a contract requiring them to deliver all their oil to the agency?

520 A. Yes sir.

Commissioner Eshleman: You have also a contract requiring you to deliver all of your oil to the Producers Transportation Company?

A. All our fuel oil to the Producers Transportation Company.

Commissioner Eshleman: You could not avail yourself of any other facilities under your contract than that of the Producers Transportation Company?

A. No sir.

Commissioner Eshleman: How long ago was that contract entered into?

A. Entered into in 1909.

Commissioner Eshleman: And I assume that one of the conditions of the contract was that you become an exclusive patron of the Producers Transportation Company?

A. Yes sir.

Commissioner Eshleman: And the Producers Transportation Company would not have entered into this contract if you had not done that?

A. No sir.

Commissioner Eshleman: When was the Producers Transportation Company organized, with reference to the time of the organization of your agency, before or after?

A. After.

Commissioner Eshleman: Did your agency procure the organization of the Producers Transportation Company?

A. Yes sir.

Commissioner Eshleman: Then, of course that—and the Union Oil Company has, I understand, or controls the Producers Transportation Company?

A. Yes sir.

521 Commissioner Eshleman: You say yourself that your agency is practically a mutual concern, a non-profit concern, but what form of participation in the affairs of the company is there? It is a joint stock company, is it, a stock company? Of course, the articles of incorporation would show this.

Mr. Lane: It is organized in the ordinary form of a corporation for profit, but it is operated under its by-laws and contracts entirely as a co-operative concern.

Commissioner Eshleman: Who controls the destinies of this organization, that is what I am trying to find out?

Mr. Lane: The stockholders.

Commissioner Eshleman: Well, I know, but what stockholders?

Mr. Lane: Every person or company having a contract to dispose of its or their oil through the agency is a stockholder in the agency and holds one share of stock.

Commissioner Eshleman: That is, the Union Oil Company holds the same amount of stock as any other?

Mr. Lane: Any other company; the large ones have the same control and only the same control as the very smallest, and the stock is only allowed to be disposed of in one share allotments and one share only to each corporation, large or small, so there is no possibility of any one obtaining the control in any manner.

Commissioner Eshleman: But this agency procured, as the witness has testified, the organization of the Producers Transportation Company in which the Union Oil Company has a controlling interest.

Mr. Lane: The Transportation Company before organizing solicited our patronage and desired to build a pipe line in
522 case we should be able to furnish them with oil, and enter into contracts to that effect, and pursuant to that understanding we entered into these contracts, and in the first instance, as will appear by the exhibit here, the contracts for the pipage of this oil were made with individuals, of which the present witness, Mr. St. Clair, was one, and further guaranteed to the "Agency," as we call it for short, the carrying out of these contracts, and Mr. St. Clair who is also the president of the agency was made by the Transportation Company the president of the Transportation Company, and he acts in a dual capacity, although as he has stated he is only the nominal president of the Transportation Company. The agency has no interest or control in the Transportation Company whatsoever, but its president is also president of that, not by any contract but in order to assure the agency the proper carrying out of the contracts it had with the transportation company.

Commissioner Eshleman: Do the members of this agency have anything to say as to when and how the oil shall be marketed by the Union Oil Company?

Mr. Lane: That is all set forth in the contract we have filed here.

Commissioner Eshleman: Well, perhaps this examination would be more intelligent if we had read these contracts, if we have them here. Of course, there are three statutes here, and the theory of the three statutes is different, and there are certain matters which might

bring your company under regulation under one statute which would not subject it to regulation under the other, and that is the reason for going into these questions of combination. It may be after we have gone over these contracts that we will desire to have you appear again, because I am very much in the dark myself.

523 Mr. Lane: We shall be very glad—personally I shall, at all events, be glad to find that the Commission has some jurisdiction over the producer and over us. It would appear to me that if the production and even the sale of oil were under this Commission's jurisdiction that the producer would be better off.

Commissioner Eshleman: Well, the Commission has plenty of troubles under the law; we are not going to try to extend the law, but of course if you are under our jurisdiction, why, we will not assume jurisdiction but we will just hold it. Any further questions?

Mr. Heney: I would like to ask a few more. Mr. St. Clair, can you tell us what the Producers Transportation Agency's pipe line cost?

A. No sir, I cannot.

Q. Well, aren't you familiar with its bond issue?

A. Only in a general way.

Q. In a general way, you know, as a matter of fact, that its bond issue was three and one half millions of dollars, do you not?

A. I believe that is true, yes sir.

Q. And that the pipe line—the original pipe line was constructed with the money from the sale of these bonds, was it not?

A. A part of the original pipe line; the money from the sale of the bonds did not satisfy the entire investment, original investment.

Q. It completed the pipe line from Port Hartford to where?

A. I couldn't say from Port Hartford to any particular point. The pipe line was completed and the money received from the sale of bonds did not satisfy the total investment; the balance of the money was secured elsewhere.

524 Q. Well, about a half a million more was secured by the profits of the pipe line and invested in extensions of the pipe line, wasn't it?

A. I don't know as to that, Mr. Heney.

Q. You don't know that as president of the company?

A. As I told you before, I am only the nominal president of the Company and have not delved into these things or acquainted myself with them only in a general way.

Q. Well, with the sale of the bonds did they give a bonus of stock?

A. I believe they did.

Q. Well, under the original contract by which the Union Oil Company was to underwrite the bonds or manage the sale of the bonds and the building of the pipe line, was it not agreed that the Union Oil Company was to receive one-half of the \$7,000,000, the issue of stock?

A. In consideration of underwriting the bonds, yes, and providing any additional capital which might be required for the building of the line.

Q. And it did receive——

A. The Union Oil Company got one-half of the issue of capital stock.

Q. For providing any additional capital that was to be a loan, was it not, to the transportation company, and not to pay for the stock?

A. I presume so.

Q. As a matter of fact, it got three and one-half millions of stock in consideration then of underwriting the bonds, did it not, out of \$7,000,000?

A. I think so.

525 Q. It now owns 9/14 of the stock of this corporation, does it not?

A. I couldn't say.

Q. Why, doesn't your printed report say so—of the transportation company?

A. The last annual report?

Q. Yes.

A. I think it does say so.

Q. Well now then, there was no money paid in to the corporation at all before any of that stock, was there, of the \$7,000,000?

A. To the best of my knowledge there was not.

Q. Is there a sinking fund provided for to take care of the bond issue of the transportation company?

A. I think so.

Q. And that sinking fund is being kept up?

A. I imagine so.

Q. Has the transportation company earned interest upon the bond issue?

A. I presume that it has.

Q. There is no interest overdue or unpaid?

A. Probably would be in the hands of a receiver if it had not.

Q. Not necessarily. No interest unpaid, is there, or overdue?

A. I couldn't say as to that.

Q. As a matter of fact, did it not, in addition to paying interest on the bonds last year, pay 6 per cent dividends upon the \$7,000,000 of stock?

A. The Producers Transportation Company did not pay any dividends last year.

526 Q. Did not?

A. No,—you are speaking of the year 1912, I presume?

Q. I am speaking of the year ending July 1, 1913.

A. The producers Transportation Company commenced to pay a 6 per cent dividend in April of this year.

Q. April of this year?

A. Yes sir.

Mr. Lane: Will you permit me to interrupt a moment?

Mr. Heney: Yes sir.

Mr. Lane: I would like to make a suggestion that so far as I am able to perceive this is not a hearing at the present time to go into these matters, and as far as the questions are concerned—

Commissioner Eshleman: I was just going to ask Mr. Heney what his theory was as to this particular evidence in this particular hearing. Any evidence which tends to show a combination which will bring—with a common carrier or any agency which will bring this company under one of these statutes, of course, we had just as well go into now as any other time and subject them to regulation, but as to the earnings and things of that sort, of course, that only goes to the question of the fixing of rates. I can't see the theory under which you bring it out now. What is your theory, Mr. Heney?

Mr. Heney: Well, I thought that the Commission wanted all the light it could get on the subject of conditions generally in regard to oil companies.

Commissioner Eshleman: Well, of course, this is a preliminary hearing and the Commission will want all the light that it can — and probably then will be quite in the dark when we get to the
527 final hearings, but I don't believe in a determination as to whether or not these various companies are subject to regulation under the statute that it will be necessary to go into these financial matters. If you can show the Commission where it is necessary you will be permitted to do so.

Mr. Heney: My theory merely is this, that there is a question of public policy perhaps involved in the constitutionality of one or more of these laws, and that question of public policy might depend very largely upon some of these facts in relation to the question as to whether the pipe line is a basis of monopoly, whether it has a tendency to put the producer at the mercy of the owner of the pipe line and enable the owner of the pipe line to fix the price of oil to the producer as well as the price of oil in the market, and it seems to me these facts would throw light upon that particular question and therefore upon the question of the right of the legislature as a matter of public policy to intervene for the protection of both the producers and consumers by such legislation.

Commissioner Eshleman: I think that that will be a matter that very properly could be presented to the federal courts.

Mr. Heney: I don't want to take up the time of the Commission in drawing out anything that the Commission doesn't think——

Commissioner Eshleman: I don't know how the other Commissioners feel, but it seems to me that in certain inquiries it will be relevant, but in this particular inquiry, I don't believe——

Mr. Heney: I will not ask any further questions along that line.

528 Mr. Booth: With reference to the testimony to be presented this afternoon, we have not prepared for any field day on this question, and we do not consider that the citation issued by this Commission calls upon us to do anything more than respond to the points of whether or not our company is so situated, assuming the statutes to be constitutional, as to demand the Commission entering an order that we file schedules. I want to make myself perfectly plain on that proposition.

Commissioner Eshleman: That is my understanding of the scope of this inquiry, that the inquiry is for the purpose of a determination.

at this time whether or not these companies, assuming the statutes to be valid, are subject to their provisions.

Commissioner Edgerton: Unless it should be shown that in the matter of bonds or financing that there was a combination of interests there—was that your purpose, Mr. Heney?

Mr. Heney: Partly, yes sir.

Commissioner Edgerton: Of course, that might have a bearing on the question of combination.

Mr. Heney: Mr. St. Clair testified that the Independent Producers Agency was not interested directly or indirectly in the pipe line, and I wanted to show the general relations between them, as to what interests there was there, the character of the interests; however, I will refrain from asking any more questions along that line, but I would like to ask one along another line.

Commissioner Eshleman: Very well.

529 Mr. Heney: Did the Producers Transportation Agency during the time it was constructing this line exercise the power of eminent domain?

Mr. Lane: If the Commission will permit me, I would like to suggest that these questions do not concern the agency but rather concern the proper hearing of the Transportation Company's case.

Commissioner Eshleman: Which case will be heard and at that time the question will be answered. We have, as I understand it—from your testimony it appeared the agency itself has not exercised the question of eminent domain?

A. No sir.

Mr. Heney: My question was directed to the Producers Transportation Company.

Commissioner Eshleman: Of course, we are going into that question thoroughly subsequently, but Mr. Toland is appearing for the company so that I think that the answer to that question can be deferred until we hear that case.

Mr. Heney: Is there any discrimination between members of the agency as to the price received by them? Are there any special contracts with special members that give them higher prices than other members get?

Mr. Lane: Do you mean for the sale of their oil or the transportation of their oil?

Mr. Heney: No, the sale of their oil.

Mr. Lane: I don't understand what the purpose of that can be for this hearing.

Mr. Heney: My understanding of this contract is that the expenses of transportation are deducted when the sale is made and that the net proceeds are divided among the owners of the oil; is that correct?

530 A. Yes sir.

Mr. Heney: Well now then in the dividing of the net proceeds, is there any member or are there any members of the agency who

are discriminated against in favor of or against special contracts?

Mr. Lane: Do you mean is there any different charge in transportation between the different members?

Mr. Heney: I mean whether they get any higher price for their oil than the others get?

Mr. Lane: I don't understand the pertinence of that remark—we are concerned with matters of transportation, not the internal economic affairs of this agency.

Mr. Heney: There is a question of combination presented here.

Commissioner Eshleman: Mr. Heney, will you explain why you desire this question answered? Explain why you desire to have this inquiry answered in this hearing, that is, what is your theory of its relevancy?

Mr. Heney: Will you kindly read the question, Mr. Reporter?

(Question read by reporter as follows: "Q. Well now then, the dividing of the net proceeds——")

Commissioner Eshleman: There is no need to read the question: The question is whether or not certain of the members of the agency get the best of it—that is the gist of that question, whether or not they get a better deal than the others in the agency. Now, if you will kindly state to the Commission what your understanding of the relevancy of this is we will consider it further. We don't want to be technical, of course, in the inquiries and we will let evidence in rather than keep it out, but these gentlemen have raised the point and we don't want to wander all over the world, but if it is relevant we will let it in, certainly.

531 Mr. Heney: Well, I didn't analyze it carefully myself as to the purpose, if the Commission please.

Commissioner Eshleman: Well, most lawyers don't.

Mr. Heney: For the reason that I assumed in the beginning that the Commission was conducting an investigation and that it was not bound down by the rules of courts strictly as to evidence.

Commissioner Eshleman: That is true.

Mr. Heney: And that the purpose, I understand, of the Commission was to get at all the facts that might throw some light on the oil situation, that would have a bearing upon the question of the enforcement of these laws.

Commissioner Eshleman: I will say this, that some time or other we will want that question answered, so, Mr. St. Clair, you might as well answer it now.

The Witness: Please read the question.

(Question read by reporter as follows: "Q. Well now then, the dividing of the net proceeds, is there any member or are there any members of the agency who are discriminated against in favor of or under special contracts?")

A. The agency at one time, in order to increase its control of production, made a purchase contract with three companies, an outright purchase contract with them at 50 cents per barrel with no obligation of any kind—with two of them I know the obligation

was—with no obligation of any kind—that they should join the agency.

Mr. Heney: What companies?

A. Nevada Petroleum Company and California-Coalinga Petroleum Company—it made an out and out purchase contract with them, agreeing for a period of three years to buy all of their oil at a price of 50 cents per barrel at the wells.

532 Q. When was that contract made?

A. That contract was made—the California-Coalinga contract was made in December, 1909; the Nevada Petroleum contract was made in February of 1910.

Q. How about the third one—you say there was a third one?

A. The third contract was made with the American Oil Fields and the American Petroleum Company.

Q. When?

A. Made in May, 1910.

Q. That was 50 cents also?

A. Yes, all these contracts were 50 cents. Later on, however, those companies came into the agency as regular members subject to this previous contract which they had, and therefore in settling each month we had to first pay those companies for the oil we had agreed to take from them at the 50 cents a barrel and then the balance of their production, if there was a balance over the amount we had agreed to buy, shared ratably in the agency returns.

Q. Were you connected with the formation of the agency originally?

A. No sir.

Q. What do you understand to be the purpose of the organization called the "Agency"?

A. I understand the purpose of the agency is to market the production of its associated members to the best advantage possible.

Q. What led to the forming of the organization? What was the purpose of getting together?

533 A. The purpose of getting together was to put together sufficient production so that you would be able to interest capital in the building of a pipe line, be able to get that oil to market without the intervention of another marketing company and another pipe line company or the railroads; in other words it was to secure to the members of the agency the advantages of co-operation and joint trading.

Q. Now, was there any time since this formation during which you refused to admit new members?

A. During one period before the pipe line system of the Producers Transportation Company was completed—that is, it was in operation but it was not working to its capacity. The Lakeview Oil Company, being a member of the agency, brought in a gusher. As you remember, it ran 40,000 barrels a day for nearly a year. The agency was obliged to handle that oil and it filled all its available tankage that the agency or the Producers Transportation Company, the Union Oil Company or anybody else could secure, and then we had to cut down our takings from the other members, and

during that time when we could not handle, when we could not secure any additional storage, when the transportation facilities would not handle our production, we did temporarily refrain from taking in any new members, but it was only during that period.

Q. When did that time commence and when did it end?

A. Well, I don't recollect exactly, but it commenced in the middle of 1910 and I think it—the policy was changed, as I remember it, in 1911, late in 1911.

Q. Was there no time during 1912 when the agency refused to take in members?

534 A. No sir, the agency took members in all the time in 1912.

Q. Has the agency since its organization, since you have been connected with it, had any contract with any other corporation that is producing and selling oil by which it was agreed that they would not interfere with each other in the purchase of oil in the fields?

A. I don't think that the contract is of such a nature, Mr. Heney.

Q. Well, I don't know what contract you are talking about; what is it?

A. You asked me to express a contract and then you went on and told me what the contract was. If you wish——

Q. No, I asked you if you had one.

A. Yes.

Q. Well, what have you in the way of a contract?

A. The agency's production increased, as I told you, very rapidly and beyond the ability of its marketing agent, the Union Oil Company, should take care of it in the way of sales, in securing new business. It then made a contract with the Associated Oil Company making it a sub-agent of the Union Oil Company for the sale of our surplus oil, agreeing to secure contracts and guarantee the accounts, and for that were to receive a 10 per cent commission.

Q. Was that contract in writing?

A. Yes sir.

Q. Will you produce a copy of that for the Commission?

A. If the Commission so orders.

Q. And file it?

Commissioner Eshleman: Have you a copy of that contract, Mr. Lane?

Mr. Tauszky: That contract is about to expire, is it not?

535 A. September 27th.

Q. And it is a three year contract?

A. Yes sir.

Q. And expires on the 27th of this month?

A. Yes sir.

Mr. Heney: Does that contract further provide that the Associated Oil Company shall not buy oil in certain fields 18 gravity or below?

A. No sir.

Q. Nothing of that kind in it?

A. Nothing of that kind in that contract.

Commissioner Eshleman: I think the contract had better be produced, for if it is a contract in restraint of trade under the 3rd statute we will want it.

Commissioner Thelen: There are three contracts.

Mr. Tauszky: One contract for three year period, and the contract was made on the 27th day of September, 1909, 1910, I should say, and expires on the 27th of this month and there is no such provision in the contract intimated in the questions asked of the witness.

Commissioner Eshleman: The contract will be produced to show that.

Mr. Heney: Who is the real president of this transportation company, of which you are nominally president?

A. Mr. W. L. Stewart is vice-president and general manager.

Q. And he occupies what position with the Union Oil Company?

A. Vice-president.

Q. And general manager also?

The Witness: I would like to ask the Commission, getting back to that same point, the questions now are leading on to the affairs of the Producers Transportation Company, and as I understand, I am a witness in connection with the Independent Oil Producers Agency.

Commissioner Eshleman: Yes, you will have a hearing on the Producers Transportation Company and will defer any inquiry into that company's affairs that are not necessary in the determination of the question involved here until that hearing.

Mr. Heney: Is there any veto power, or who has the power of saying who may come into the agency as members?

Mr. Lane: The schedule asked for is on page 8 of that exhibit. (Handing to Commission.)

Commissioner Eshleman: Very well. Read the question.

(The reporter thereupon read the previous question.)

A. The matter of the acceptance of new members into the agency is a matter that is under the control of the board of directors of the agency, or is it the stockholders, Mr. Lane?

Mr. Lane: The stockholders and board of directors both act in the matter.

A. Both act in the matter.

Mr. Heney: That is, it is up to the board of directors first and then the stockholders have a say on it?

Mr. Lane: At that time there were the same number of directors as stockholders; at the present time there are one-half—75 directors at the present time and about 150 stockholders.

Mr. Heney: It is left with the board of directors?

Mr. Lane: Yes.

Mr. Heney: Majority vote?

Mr. Lane: Majority vote.

537 Mr. Heney: Has the Union Oil Company a veto on whether a member may come in or not?

A. In a contract whereby the Union Oil Company waives or modifies the then existing contracts covering the question of this charge for storing oil and fixing the obligation of the Union Oil Company in the matter of storage, the Union Oil Company agreed to provide 10,000,000 barrels of storage for the agency free of charge for a period of time, one year I think it was, and in that contract it provided further that, during that period of time, no new members should be taken into the agency without the consent of the Union Oil Company.

Q. When was that,—has that expired?

A. No, I think it has 4 or 5 months to run yet.

Q. Can you furnish the Commission with a copy of that contract?

A. Yes sir, if the Commission so orders.

Commissioner Eshleman: Very well.

Mr. Heney: And to your knowledge, has the General Pipe Line Company of California at the present time an option on the majority of the stock of the holding company,—of the Union Oil Company?

Mr. Weil: We object to going into the affairs of the General Pipe Line Company of California at this time, if the Commission please; I don't see that that has any bearing on the question whether the agency is a common carrier or not.

Mr. Heney: The point is, he is nominally president of the company; the Commission wants to know who really controls the operation of that pipe line.

538 Commissioner Eshleman: That company will be before the Commission in formal hearing and at that time the Commission will indulge its usual propensity to get all of the facts that have a remote bearing on the question before us, but of course, in each one of these hearings we cannot cover all the facts applicable to all these pipe lines; if we did, we would be here quite a while.

Mr. Heney: That is all.

Commissioner Edgerton: Mr. Lane stated Mr. St. Clair, that the reason you were made president of the Producers Transportation Company was to see to the enforcement of the carrying out of the contract between the Producers and the Agency; is that true?

A. Yes sir. Will you permit me a little explanation of that?

Q. Yes.

A. The agency, controlling at that time about 15,000 to 20,000 barrels of oil, had no pipe line and no means of getting it to tide-water or to market, and the agency went to the Union Oil Company and proposed an arrangement, marketing arrangement, which also contemplated the building of a pipe line, and the Union Oil Company agreed that it would finance a pipe line or the building of a pipe line for the use of the agency, and later on, with the organization—the Union Oil Company agreed that, inasmuch as the pipe line was built for the use of the agency and operated for its benefit, in order that the use of the line would not be taken away from the agency or otherwise, that any other oil would be taken in instead of our oil, or our oil would not be taken in the order it was offered, or in the

way it should be handled, I should be made president of the Producers Transportation Company, and as the president of the
539 Transportation Company the only thing I deal with is the handling of the oil; I at times direct the handling of the oil, in saying how it shall be handled or where it shall be moved or something of that kind; I have nothing to do with the financial end of the Producers Transportation Company.

Q. I was going to follow that by asking you wherein you could be of benefit when you are merely a nominal president?

A. I say, to the extent of directing the handling of the oil by the Transportation Company.

Q. And to that extent you have real authority, have you?

A. Well, it has not been questioned.

Q. Has any resolution of the board of directors of the Producers Transportation Company been adopted?

A. I think not.

Q. Has any definition of your powers as president been made?

A. I do not think so.

Q. You have the usual powers then, at least as far as any record would show, of a president?

A. I think possibly that is true.

Q. But you have only exercised the powers to the extent of directing the carrying of oil and the precedence of the various oils?

A. Yes sir.

Q. Is there an understanding to that effect, that that is all the power you shall exercise?

A. I do not know as there is any understanding to that effect.

Q. Was the arrangement that you should be made president of the Producers Transportation Company submitted to the men who control the agency?

A. No.

Q. That was made——

540 A. Only in an informal way; not by any resolution of any kind.

Q. The arrangement was made with you, was it?—I want to find out who made the arrangement, whether or not it was made by the men interested in the agency or made with you as an individual or how it was made?

A. In the formation of the Producers Transportation Company, several members of the agency, including myself, were the first directors of the Transportation Company, and I was the vice-president of it; later on some of those directors resigned and other people took their place, but I continued on, and upon one or two occasions I mentioned the matter to W. L. Stewart, general manager of the oil company, and said I did not like to be a dummy president, or nominal president, and I would prefer that the company would elect some one else in my place, and he said no; he said, "I think it would be better that you should continue there, if you will, because," he says, "then all the producers of the agency would be satisfied their interests were being served." On a number of occasions I discussed that with

the executive committee of the Independent Agency and they approved of my continuing in that position for that reason, but there is nothing formal.

Q. Were you ever paid a salary as president of the Producers Transportation Company?

A. Not a cent.

Q. Never compensated for any services you rendered the Producers Transportation Company?

A. No sir.

Mr. Hency: What proportion of the oil transported over the Producers Transportation Company's lines belongs to the Union Oil Company?

540½ A. A comparatively small quantity; I would not want to say off-hand.

Q. Comparatively small?

A. Yes.

Q. Is it not somewhere near 50 per cent?

A. Oh no, I would not say it would be over 12-1/2 per cent, if it is that.

Commission- Eshleman: Is that all of Mr. St. Clair?

Commissioner Thelen: In what field or fields do the members of the Agency secure their oil?

A. In all the San Joaquin Valley fields.

Q. Will you enumerate, for the sake of the record?

A. Coalinga, McKittrick, Midway, Maricopa, Kern.

Q. Does the Producers Transportation Company convey oil for persons other than this agency?

A. No.

Q. In other words, this transportation company confines its work entirely to transporting the oil of the agency?

A. Of the agency, yes sir.

Q. I understood you too say this contract between the Producers Transportation Company and the Agency referred only to fuel oil; is that correct?

A. Yes sir.

Q. Do the members of the agency produce any oil which is not fuel oil?

A. Some.

Q. What becomes of that oil?

A. We handle that in any way it suits us; it is not covered by any transporting contract or marketing contract; the agency is free to sell that in any way that it sees fit.

541 Q. How do you dispose of it, as a matter of fact?

A. In a majority of instances we allow the member to make his own contracts direct.

Q. And what do your members do with it,—how do they get rid of it?

A. They sell it to various interests, various persons, small refineries; some of them sell to the—in one instance, they sell to the Union Oil Company.

Q. Then is that oil conveyed away through pipe lines or tank cars?

A. Conveyed away by tank cars.

Q. Exclusively?

A. As far as I can remember, exclusively.

Q. And where are those refineries located?

A. In the Maricopa field; two of the refineries on San Francisco Bay.

Q. Who owns them?

A. The Pacific States Refinery is owned by a Mr. Lang, I believe; the Monarch refinery, I understand, is controlled by the Spreckels interests.

Q. Are any of these refineries owned or controlled by any of these companies which are before the Commission here today?

A. I do not know of any.

Commissioner Eshleman: That is all, Mr. St. Clair. Now, we will go on at 2 o'clock with the Associated Oil Company.

Mr. Tauszky: Associated Pipe Line Company, I understand.

Commissioner Eshleman: Yes. And I think at this time it will be well for us to determine the time to which the other cases will be continued. Judge Toland has several cases.

Mr. Toland: I would like to get those all set down for the same time.

542 Mr. Booth: I will state to your Honors we would not be prepared to go into any exhaustive investigation of all of the business and contracts of the Associated Pipe Line Company; we are merely coming here prepared to answer questions propounded by the citation.

Commissioner Eshleman: I suppose, strictly, due process of law would be required if you desired to be limited to those.

Mr. Booth: I have no desire to block any investigation; I think, under the Public Utilities Act, the function of this investigation is confined to the issues raised by the notice served on us.

Commissioner Eshleman: If there were other matters touched upon incidentally the Commission desired to hear further upon and could not get information on at this time, of course, we would take subsequent opportunity to get it.

(Discussion.)

Commissioner Eshleman: Then the cases set down for the 17th will be en banc and the others before the Commissioners that have been designated, and this afternoon at 2 o'clock we will proceed with your troubles, Mr. Booth.

(The Commission thereupon took a recess until 2 o'clock P. M.)

543 Testimony of L. P. St. Clair and Other Witnesses on Behalf of Producers Transportation Company, from Transcript of Testimony Taken at Hearing Before Railroad Commission, Pages 145 to 382, Incl.; also Testimony of Witnesses on Behalf of Union

Oil Company of California, Pages 382 to 411, Incl., of said Transcript.

L. P. ST. CLAIR, recalled as a witness in behalf of Producers Transportation Company.

Direct examination :

Mr. Andrews: I think the introductory questions have been gone over with Mr. St. Clair at the previous sitting of the board, as a witness in connection with the agency in this same matter. Mr. St. Clair, what is your present position with reference to the Producers Transportation Company?

A. President of that company.

Q. How long have you been president of the company?

A. Since its organization.

Q. Which was in June, 1909?

A. 1909.

Q. That we may have the history of the organization of this company before the Commission, I wish to ask Mr. St. Clair to state, in narrative form if he will, the facts leading up to the organization of the company and in connection with the organization of the company, and preliminary to that, the conditions that obtained in the oil fields in Kern and Fresno counties leading to the organization of the agencies, and then down to the present time. I think that probably will save the time of the Commission.

A. During the year 1904 several oil producing companies organized themselves into the Independent Oil Producers Agency
544 for the purpose of better handling their product, of obtaining transportation to the markets therefor, and of putting themselves into a position to make long time contracts for large volumes of oil. At the time of the organization of the agencies, which I might say was composed of producers operating in the Kern River field, the only means of reaching the market was either through the pipe lines of one or the other of the marketing companies or by the railroad, and inasmuch as the cars and the service of the railroad was inadequate for the purpose, the producer was compelled to sell his product to one or the other of the marketing companies. At that time the price of oil was about 11 cents, 11-2/3 cents, per barrel. The agency was organized in 1904 and shortly thereafter made a contract with the Associated Oil Company. When that had expired, another contract was entered into, and so on.

Mr. Heney: What was the general nature of that, just so we won't break in?

A. As to the terms?

Q. The general nature of the contract; you say they made a contract with the Associated Oil.

A. The Associated Oil Company agreed to purchase and the agency agreed to sell 70 per cent of the production controlled by the agency; the other 30 per cent was to be placed in storage in the As-

sociated's facilities in the field during the life of the contract; it was a one year contract.

Mr. Andrews: Which agency is this you are speaking of?

A. Of the Independent Oil Producers Agency.

Mr. Heney: What was to become of the other 30 per cent at the end of the contract?

A. At the end of the contract it was then subject to disposition by us but not during the life of the contract.

545 Mr. Andrews: If you carry the two agencies along as—

A. This was prior to the organization of the Coalinga Agency. When that contract expired, we then sold the accumulated oil to the Associated Oil Company and also entered into another contract with them. About that time there was an effort made to organize the producers in the Coalinga field and they were gotten together in a sort of tentative organization, and acting through one individual, Mr. Morshead, their production was sold to the Standard Oil Company for a period of one year, as I recollect it.

Mr. Andrews: About when was that, please?

A. That was in—as I recall it, in 1907, January of 1907, I think—might have been December of 1906.

Mr. Heney: Can you state the price that the Associated paid on that first contract?

A. 18 cents.

Q. And what price did the Standard pay on this Coalinga contract?

A. That was two years later, or three years later, I understand; that was 30 cents a barrel.

Mr. Heney: I won't interrupt if you don't want me to, but I thought that wherever there was a part of the story that could be gotten by just one question that it would save time.

Mr. Toland: We want to shorten the time, that is what we want to do.

Commissioner Eshleman: Very well, proceed.

A. Just prior to the expiration of the contract which the Coalinga members had with the Standard Oil Company, it then organized an agency along somewhat similar lines to the Independent Oil Producers Agency of Coalinga, and also at that time the agencies

546 had an understanding that their oil should be marketed together, and the Independent Oil Producers Agency, acting jointly with the Coalinga Oil Producers Agency made a contract with the Associated Oil Company for a 2-year period, for the years 1908 and 1909, at a price of 60 cents a barrel for the first year and 63 cents a barrel for the second year. In advance of the expiration of that contract I commenced, as president of the Independent Oil Producers Agency, commenced negotiations for a new contract but was unable to successfully conclude anything on account of the price which was offered, which was lower than we thought the product justified. At that time we were also endeavoring to make an arrangement which would make it possible for the agency to reach the market.

Mr. Andrews: Pardon me just one moment. Can you state why, if you know, why the Coalinga agency did not renew their contract with the Standard, or whether any negotiations were had with the Standard in respect to that?

A. As I say, at the time of the decision to market the oil jointly, an effort was made to sell to other marketing companies. When the Standard Oil Company was approached they stated that the oil controlled by the agency in the Coalinga field, namely, the oil produced on the West Side Field, was of a refractory character which was not suitable to their purposes and they did not care to further handle that character of oil, and at about that time they commenced to take up their field lines in that part of the field. However, they indicated a disposition to purchase oil of the Independent Oil Producers Agency, the Kern River organization.

Q. About that time what was the general composition of the agencies, that is, as to the membership and location of the properties of the members?

547 A. I don't know as I just understand——

Q. Well how large a membership did they have and where were the properties located?

A. The Independent Agency at that time had about 25 members in its organization, most of the properties of the Kern River field, and two as I recall it in the McKittrick field, and none in the Maricopa.

Q. And all the Coalinga agency—what did they have?

A. About the same number, I think, about 25 or 30 companies all located in the Coalinga fields, on the west side of the Coalinga fields.

Q. Now I interrupted you when you were going forward with the negotiations with the Associated Oil Company for the renewal of the contract.

A. The negotiations, I say, were continued and finally successfully concluded by entering into a contract with the Associated Oil Company at 60 cents a barrel for the first year and 63 cents for the second year, and prior to the expiration of that contract, as I say, efforts were made to renew it or to make another contract for the disposition of our oil, but it was apparent that it would be difficult to get the price that would be satisfactory to us or at least what we concluded would be satisfactory.

Q. Did you, or in connection with those negotiations with the Associated, did you attempt to make any marketing arrangement somewhat along the lines of that afterwards consummated with the Union Oil Company?

A. During the negotiations with the Associated Oil Company I indicated that the Agency was willing to bear the
548 burdens of the marketing company and it desired to be able to reach the market through a pipe line and thence by vessels, and I suggested to the Associated Oil Company a plan similar to that, which was afterwards negotiated or concluded with the Union Oil Company, a plan whereby our oil was to be handled through their pipe lines, by their ships, through their facilities, sold to the customer, they collecting and guaranteeing the accounts, and for that service we were to pay them a 10 per cent commission: In other

words, we would take the market price for our oil less the cost of transportation and commission.

Commissioner Eshleman: You thought that was better than selling it in the field?

A. We did, yes sir. We thought that we would obtain an added advantage by going through the market, and we were willing to share in the burdens incident to that.

Mr. Andrews: And what was the answer to that suggestion?

A. They answered that anybody that would enter into a contract of that kind was a fit subject for an insane asylum.

Commissioner Eshleman: Which side of the contract, yours or the one you were proposing to them?

A. They said that any one that would enter into a contract with the Agency on that plan.

Mr. Heney: What was the 10 per cent upon?

A. The 10 per cent was upon the net field price after the deduction of the transportation charges. We spent several days in going over this matter and as I told you, finally the negotiations were concluded—called off. Shortly after that I was called to Los Angeles

549 by Mr. W. L. Stewart, of the Union Oil Company, who indicated a desire to purchase a portion of our production for the period of time, as I recall it, it was about 5,000 barrels a day—and during that trip I was accompanied by members of the executive committee of the Independent Oil Producers Agency and members of the executive committee of the Coalinga Oil Producers Agency. We replied we did not care to divide our production; we wanted to either sell it as a block—didn't want to have one portion of it competing with the other, and we would not entertain any proposition for the purchase of a portion of the production. Mr. Stewart then suggested an arrangement whereby he was to have the call on a fraction of our oil over a period of 10 years, and in consideration of such an option to him he would endeavor to finance and build a pipe line from the San Joaquin Valley fields to Tidewater. That was not interesting to us and we then proposed to him an arrangement similar to the one that had been proposed to the Agency in which we agreed that in consideration—oh, first, that the Union Oil Company should join the agency with its production wherever located, that the agency would secure contracts with the various producers, it would extend the life of the agency for a period of 10 years by that means, and secure contracts for a similar period from the producers, and in consideration of—

Mr. Andrews: What was the nature of that contract?

A. The nature of that contract—it was a contract whereby the producer agreed and obligated himself to deliver all the oil produced upon his land to the promoters of this pipe line for a period of 10 years.

Mr. Heney: Were they bound to take it all?

A. They were bound to take all the oil up to the capacity of their pipe line.

550 Mr. Heney: And could he sell the balance if they didn't take it all from him?

A. Well, I don't know as I could answer that. That is a legal matter I rather suppose, but I guess that if the Producers Transportation could not take it that it would be possible for him to sell it. However, you understand all this property was covered by an agency contract and the agency controlled it.

Mr. Andrews: That was the proposal that you made. Have you stated the full proposal? You have stated that the proposal was that the Union Oil Company should join the agency and the agency on its part should procure from the various purchasers, agency members, the contracts with the promoters of the pipe line for the delivery through that pipe line of all the oil of their production for a period of 10 years on the terms that would be outlined in the pipe line contract?

A. Yes, and in addition to that the agency agreed to appoint the Union Oil Company the marketing agent for all the agency oil, and agreed to pay them a commission of 10 per cent upon the net field price of the oil after all the transportation and handling costs were deducted.

Q. And what guarantees, if any, were the Union Oil Company to make respecting the accounts, and the like?

A. The Union Oil Company agreed to secure the contracts for the sale of oil, to guarantee the accounts, and for the use of its terminal facilities it was to receive a commission of 10 per cent upon the net field prices.

Q. Now, was this arrangement finally arrived at?

A. This arrangement was finally agreed to between the Union Oil Company and the members of the committee, and the
551 agency members were called together and they were told that if they would enter into new sale contracts with the agency in extending the life of the agency for an additional 10 years, and would enter into a pipage contract with the individuals, that these individuals would cause a corporation to be formed or would assign their contracts to a corporation who would build a pipe line to tide-water upon certain regulations and at certain rates.

Q. Is the agreement that you have outlined that was finally reached the same as Exhibit C that has been introduced here and which has been referred to as the marketing agreement (handing document to witness)?

A. That is the agreement, yes sir. That is the marketing agreement.

Q. And is the contract which you have referred to for the pipage of oil with individuals the same as Exhibit A of this respondent's report, which is a contract between (blank) as producer and yourself, Mr. Morsehead, Mr. Welch and Mr. Quigg, as promoters or representatives of the corporation yet to be formed (handing document to witness)?

A. Yes sir.

Q. Now, what was done with respect to securing on signatures to these contracts? You said you called the agency members together and explained, outlined the proposition; did they sign the contracts?

A. At that time we passed a resolution to the effect they would im-

mediately, after their company signed the contracts, and within a very short time thereafter, contracts of that nature were signed by all the companies then belonging to the agency.

552 Q. You say "agency"; you mean both, do you?

A. Both the Coalinga Agency and the Independent Oil Producers Agency.

Q. And about what time was this?

A. It was early in 1909.

Q. And how extensively were these contracts signed—that is, about how many producers were there who entered into these contracts?

A. In the neighborhood of 100 as I recollect it—possibly a little less—maybe 75 or 80.

Mr. Heney: Will you please give me that last question and answer, Mr. Reporter.

Commissioner Eshleman: Read the question and answer.

(Last question and answer read by the reporter.)

Mr. Andrews: And then what was done in regard to the matter?

A. Immediately upon the execution of these contracts with the individuals, the individuals and the Union Oil Company jointly made an offer to the Producers Transportation Company which was—had been organized, in which they agreed to assign all their contracts, deliver the rights of way which they had secured, and maps, and so forth to the corporation.

Mr. Andrews: That offer is the one that we will supply as Exhibit F. That is the offer of June 15, 1909?

A. Yes sir.

Q. And at that time, pursuant to that offer, were these contracts assigned by the individuals to the Producers Transportation Company?

A. They were assigned to the Producers Transportation Company, yes sir.

Mr. Andrews: There is also attached to the answer of this
553 respondent an Exhibit B, which is copy of a contract between the Independent Oil Producers Agency on the one part and Mr. Morsehead on the other part; this is dated June 11, 1909, and covers the transportation by a corporation to whom Mr. Morsehead was to assign the contract for all of the oil which the agency should have during the period of 10 years. Were you familiar with that contract?

A. Yes sir.

Q. And was that contract, by Mr. Morsehead, assigned to the Producers Transportation Company?

A. It was; also a contract between Coalinga Oil Producers Agency and myself.

Q. To the same effect?

A. To the same effect, was assigned to the Producers Transportation Company.

Q. Now, why were these contracts secured, Mr. St. Clair?

A. They were secured for the purpose of interesting capital in

the building of a pipe line to enable the agency to reach the market with its oil.

Q. And could the pipe line be financed without these contracts, as the basis of it?

A. I hardly think so. I might add that the agency on previous occasions, as well as a number of agency members, made several attempts to interest capital in a pipe line to be built out of the valley fields, and were never successful in doing that; at one time I understand the producers in the Coalinga field even went so far as to interest some people, who sent engineers out here and made a survey of a pipe line up to San Francisco Bay, and took up the matter of securing contracts on a large volume of oil, to interest capital, and finally that plan was abandoned.

554 Commissioner Eshleman: What is the least amount a pipe line could be constructed to Tidewater for, adequate to your needs?

A. From all the valley fields?

Commissioner Eshleman: Yes, how much money was it you were trying to raise and failed?

A. At that time I think it was about \$1,500,000 or \$2,000,000; that was only from Coalinga field to San Francisco Bay; that was a comparatively short line; \$1,000,000 or \$1,500,000.

Mr. Andrews: What was the estimated expense of the pipe line that was proposed to be constructed in connection with the Union Oil Company and Agency agreement?

A. About \$3,500,000; but as a matter of fact, the line cost in excess of that.

Q. About what was the total cost of it?

A. The total cost of that line was about \$5,500,000.

Mr. Heney: The oil of the Coalinga fields was practically all high gravity, was it not, at that time?

A. No sir.

Q. What proportion?

A. The oil that would be available to the pipe line?

Q. Yes, at the time you were trying to interest capital?

A. It was practically all heavy gravity, some light gravity, I should say about one-quarter light gravity and three-quarters heavy gravity.

Commissioner Eshleman: Go ahead, Mr. Andrews.

Mr. Andrews: Now, as I understand you, the securing of these pipe line contracts with the individual members of the agencies and the securing of the contracts from the agencies themselves was a condition precedent to the final execution of this marketing agreement; is that correct?

555 A. The securing of the contracts?

Q. Of pipe contracts.

A. With the individual members?

Q. And with the agency.

A. And with the agency, was a condition precedent to the marketing contract?

Q. Yes, to the final execution of the marketing contract.

A. To the final execution of the contract, yes sir, but not as to the completing of the understanding relative to the contract.

Q. As a matter of fact, when was the contract finally executed,—the marketing contract?

A. In June, 1909.

Q. Completed June 24th?

A. June 24th.

Q. And was it about that time that the transfer of these pipe line contracts was made to the Producers Transportation Company?

A. They were made June 11th, I think.

Q. And was this corporation the corporation that was organized pursuant to the contracts that were secured—this company was organized for this purpose?

A. Yes sir.

Q. Subsequent to the execution of this marketing contract and the assignment of these pipage contracts to the Producers Transportation Company, what happened then with reference to the construction of the pipe line, and the subsequent operations of the pipe line, and the carrying of oil for the agency; just make a detailed statement of that.

A. Well, the pipe line was commenced immediately thereafter and was completed in 1910, February, 1910, and thereafter
556 it was used for the purpose of transporting agency oil to tidewater under the terms of the pipage agreement and the marketing contract.

Commissioner Eshleman: That line reaches the tidewater at what place?

A. Port Hartford.

Commissioner Eshleman: Now, the length of that line and these conditions that are contained in the law, will you have that brought out in the testimony.

Mr. Andrews: Where does that pipe line start, or where are the points of the intake of oil and where does it discharge, and how long, in a general way, is the line?

A. One branch of the line commences in the Coalinga field and runs south to a point in the San Joaquin Valley called Junction; that is an 8-inch line; another branch commences in the Maricopa field, and runs to Midway, field thence to McKittrick, and thence Junction, also 8-inch line; one branch commences in the Kern River field and runs westerly to McKittrick, also an 8-inch line; and there are two 8-inch lines from Junction westerly to Avila, a distance of about 70 miles.

Q. The section running from Coalinga to the Junction is stated in the answer to be about 40 miles; is that correct?

A. About 40 miles.

Q. And from the Kern River oil field to its junction with the pipe line about 38 miles?

A. Yes sir.

Q. And from the Sunset field up to Junction, a distance of about—up to the McKittrick line, a distance of about 22 miles, from Sunset to McKittrick?

A. Possibly, I thought it was a little more than that.

557 Q. And from McKittrick up to Junction about 27 miles?

A. Yes sir.

Commissioner Eshleman: How about the right of way of railroads?

Mr. Andrews: I do not know that Mr. St. Clair is familiar with that or not; we have set forth here that we follow along the right of way of one of the railways for a distance of not exceeding 5 miles—or two railroads altogether, the Southern Pacific for a short distance and Pacific Coast Railway Company down below San Luis Obispo for a short distance, so that the total is approximately 5 miles. Do you know about that, Mr. St. Clair?

A. Yes sir, that is approximately correct.

Mr. Andrews: And we have also stated in the answer that the pipe lines cross various county roads in Fresno County, Kings County, Kern County and San Luis Obispo County. That is correct, is it?

A. Yes sir.

Q. And in some places follows along the roads?

A. For short distances.

Mr. Andrews: And we have filed as exhibits the franchises from San Luis Obispo County.

Commissioner Thelen: How about the other counties, any franchises secured there?

Mr. Andrews: Do you know if there are any franchises in either of the counties, other than San Luis Obispo?

A. To the best of my recollection there was no franchise secured from other counties.

Commissioner Thelen: Mr. Andrews, is there any contract existing between this company and either of those two railroads
558 with reference to the use of that right of way?

Mr. Gregg: There is a contract for right of way with the Southern Pacific Railroad Company, simply allowing them the use of the line and requiring them to move whenever required, on stand-and right of way form that they use; the Pacific Railway Company, there has never been any contract drawn up; they agreed at the time to give us right of way whenever exact location of line for the right of way was determined, upon the condition that we would change the pipe line at any time, upon their request.

Commissioner Eshleman: That is all oral?

Mr. Gregg: That is oral.

Commissioner Eshleman: The other is reduced to writing,—the Southern Pacific's?

Mr. Gregg: I understand so.

Commissioner Eshleman: Will you produce a copy of that, please.

Mr. Andrews: From the time the pipe line began operations in 1910, whose oil has it transported, and for whom has it transported oil?

A. The agency's oil; the oil under the control of the agency.

Mr. Andrews: We have stated in the answer that in the practical operations of the pipe line no oil was taken from the individual agency members under these contracts, since they were all members of the agency and their oil was delivered to the agency, and that the dealings have all been between the Independent Oil Producers Agency on the one part and the pipe line company on the other part. That is correct is it?

A. Yes sir.

559 Mr. Heney: Well, that is really asking for a conclusion of law, but I suppose we can get at it later.

Commissioner Eshleman: Well, you may bring out anything you desire on cross-examination in reference to that.

Mr. Andrews: We have also stated in the answer that some time in the year 1910 the two agencies, the Independent Oil Producers Agency and the Coalinga Oil Producers Agency, were consolidated. Will you state the facts in regard to that.

A. About the middle of 1910—

Mr. Heney: Middle of 1910 was that?

A. Yes, middle of 1910, as I recollect it, I am not positive as to the exact date, an effort was made to bring the two agencies into one organization. Inasmuch as they were organized for the same purpose and their oil was being handled in the same manner, we thought it useless to have the two organizations and the business could be better conducted under one organization. The matter was presented to the stockholders of the Coalinga Oil Producers Agency, who approved the plan; it was then presented to the stockholders of the Independent Oil Producers Agency, who approved of it and agreed to it, and the Independent Oil Producers Agency agreed to receive them as members of its organization, to assume all of the obligations of the Coalinga Oil Producers Agency, and particularly in respect to its pipage contract and its obligation in respect to the marketing contract with the Union Oil Company also.

Mr. Heney: You used the word "stockholders," I think, inadvertently; I think you mean the members of the association.

A. Every member is a stockholder.

Q. Is there stock issued?

A. Yes sir.

560 Q. Is it incorporated as a corporation and stock issued?

A. Yes sir.

Commissioner Eshleman: The articles of incorporation, have they been filed? The agency has been before the Commission.

A. Yes, sir, there is a very complete statement of all that.

Mr. Farragher: I don't think the articles have been filed.

A. Yes sir, it is in the amended answer of the agency.

Commissioner Eshleman: Yes, Mr. Lane filed a statement on behalf of the agency, which I understand covers all those matters.

Mr. Andrews: Since this is all one proceeding, we will ask that those exhibits that have been filed respecting the agency be considered as also filed on behalf of this respondent, that they may be referred to by all parties.

Commissioner Eshleman: Very well, we will consider all of the evidence in this case that is relevant to any one of these companies, with reference to that company, and that may be done.

Mr. Andrews: What is the membership of the agency in numbers?

A. 173.

Q. Those are different oil producers,—each a different oil producer?

A. Yes sir, all small companies, with one or two exceptions.

Q. And what is the total—approximately, the total production of the agency members in the San Joaquin Valley tributary to the pipe line of the Producers Transportation Company?

A. About 40,000 barrels a day roughly speaking—approximately speaking.

Q. And what are the requirements of the agency with respect to the capacity of the pipe line?

A. The requirements of the agency in respect to the capacity of pipe line?

Q. For transportation.

A. Well, at the present time, the capacity of the pipe line from the southern fields, that is, from Midway, Maricopa and McKittrick, is fully occupied with agency oil; there is some additional capacity from Coalinga down to Junction and some from Junction to Tidewater.

Q. Will there be such additional capacity in the winter time; is there a difference in the amount of oil to be carried through the pipe line in the winter and summer?

A. Yes sir, there will; I was speaking of the present time.

Q. But in the winter time?

A. In the winter time the line is fairly well occupied by the agency oil.

Q. Under the marketing agreement, Mr. St. Clair, what, if any, contracts—I do not mean by name, but in amount of oil required—have been taken to be filled by the agency or from the agency production?

A. Contracts involving the ultimate delivery of approximately 50,000,000 barrels, a ratable delivery of about one and a half million a month now, monthly delivery.

Q. And are there stated periods of delivery and stated amounts to be delivered?

A. There are, yes sir; contracts are taken for a period of time, calling for minimum and maximum quantities.

Q. And how are those deliveries required to be made in respect to amount and time; are you required to make a delivery of so

much a month, or so much a week, or how is that,—the usual contract?

A. So much a month.

Q. And over what period of time do these contracts extend?

A. Approximately five years; there are some contracts running 5 years; the majority of them would not extend over probably three years, but there is a number of them though that extend 4, 5 or 6 years, one or two I think that are for 7 years.

Q. In the marketing of oil, is it necessary to secure—enter into contracts that run over a period of time for the delivery of oil?

A. It is quite necessary, particularly with a new customer: he will not convert his equipment to oil unless he is assured of a long time supply; take it, for instance, in South America, it is impossible to write a contract there under 5 years; they usually demand 10 years.

Q. And how is it in the state of California?

A. In the state of California contracts are generally written from 2 to 3 years; there are some exceptions to that.

Q. And is that the necessity of the business?

A. It is a custom of the business and it is a necessity due to competitive conditions.

Q. If the operation of the pipe line, or if the pipe line, in its operation, was not constant in the handling of your oil, would it in any way interfere with the fulfillment of your contracts?

A. If it was not constant?

Q. Was not constant; if it was intermittent, took your oil, part of your oil and somebody else's oil, part of it, or took a part of your oil and not all of it,—would that in any way affect your contract or fulfillment of your contract?

A. At the present time we are moving in round figures about 1,000,000 barrels of oil through that pipe line to tide-water, in addition to our other movements, and we have undertaken contracts for considerable quantities of oil which will increase that amount, or, in other words, that the contracts which we have already taken will necessitate a continued movement of oil through that pipe line pretty well up to its capacity.

Q. In relating the history of the agency and the like from 1904, will you state to the Commission what your positions have been with the agency; have you been a member of either or one of the agencies at that time?

A. I was a member of the Independent Oil Producers Agency at the time of its organization; I resigned about 6 months afterwards as stockholder and director and I was not a member then for a period of about a year, but have been a member of the agency during the balance of the time.

Q. And at all times familiar with its operations?

A. Yes sir, and president of the agency for 7 years.

Q. And what is your means of knowledge respecting the Coal-inga Oil Producers Agency prior to consolidation?

A. Well, I had a rather intimate knowledge of the agency and

its operations by reason of my position with the Independent Oil Producers Agency.

Q. You were in constant touch with their——

A. In constant touch with them, yes sir.

Q. Does the Producers Transportation Company own any of the oil that is carried through its pipes other than that which is used for fuel?

A. No sir.

Mr. Andrews: I think that is all. There may possibly be a question or two we will ask later that occurs to us.

546 Cross-examination:

Mr. Heney: At the time that this effort was made to get capital to build a pipe line at Coalinga, what was your reason for thinking it was necessary to have a pipe line,—important to the producers?

A. At that time they were depending upon either the pipe lines or the marketing companies or railroads, and the facilities of the railroads were not satisfactory. There was no sure method of getting to the market—also, compelled to sell to the pipe line companies in the field, and the manner was subject to their influence.

Q. Why were you compelled to sell to the pipe line companies in the field?

A. No other means of getting the oil to market.

Q. Could not the railroad haul it?

A. At that time the facilities of the railroad were in the way of cars inadequate.

Q. What time are you speaking of now?

A. Oh, I am speaking of 1905 and 1906—1904, 1905, and 1906. Commissioner Eshleman: Also, the freight rate was rather prohibitive, wasn't it, in addition to not having the facilities? The rates were higher—that is, in competition to the pipe lines?

A. The general trouble was the ability to get cars; you could not undertake a contract and be assured that you were going to be able to fill it.

Mr. Heney: What was the market price of oil at that particular time in San Francisco, fuel oil?

A. Why, I couldn't answer that, Mr. Heney; I wasn't in close touch with it.

565 Q. At the time it was 11 cents in the fields, what was it in the market? I mean what was it in San Francisco?

A. I couldn't say positively, but in my judgment it was around 40 or 45 cents a barrel. Some oil was sold at 35 cents.

Q. What was the railroad freight rate at that time from the field to San Francisco?

A. 40 cents, as I recall it; I am not very well posted on that.

Q. The railroad freight rate was prohibitive absolutely, wasn't it, in reaching this market at the market rates?

A. I am speaking of certain contracts—of course, the general run of prices, of course I suppose would be higher than the prices you have enumerated—in fact, I know it would.

Q. Was it higher than the 11 cents plus the 40 cents railroad freight rate?

A. I think so.

Q. That there was a market for any considerable quantity of oil at that time in San Francisco at above 40 cents?

A. Yes, there was a number of companies in the Kern River field at that time that had contracts in San Francisco for the delivery of oil, the price of which returned them a profit—that is, a very much better price than the field price of the oil after the freight was paid, but those companies were forced in many instances, to give up those contracts or assign those contracts because they were not sure of their ability to get cars to make their deliveries.

Q. Now, at that particular time wasn't it the general understanding among the oil men that the Associated was getting cars, as many as they needed or wanted and no one else could get cars?

566 A. Well, I don't know as that was true; I had no knowledge of that myself.

Q. You didn't hear any complaints of that kind?

A. Oh, there were always complaints about the ability to get cars.

Q. Well, about the ability of the Associated to get them when the others could not get them?

A. I don't know as to that particular time whether that was—the Associated Oil Company required cars of their own, a considerable number of their own, and whether it was at that time or not, I don't know.

Q. The Associated acquired cars of their own, you say?

A. Yes.

Q. When was that?

A. I think it was about that time; I don't know just exactly.

Q. These contracts that you speak of that were netting so much, 50 cents, at the time the oil was selling at 11 cents in the fields, you don't *know* mean to say any of these contracts were executed at the time the oil was selling at 11 cents in the field, do you?

A. About that time.

Q. That the contracts were made in San Francisco for over 50 cents at the time the oil was selling for 11 cents in the field?

567 A. Yes, I have in mind two or three contracts that I know of that were executed at that time.

Q. What rate were they at?

A. They — 60, 55, 57 and 60 cents a barrel.

Q. And the freight rate from there was 40 cents?

A. Yes sir.

Q. Do you know what the total production of oil in the Kern River and San Joaquin Valley fields were at that time?

A. In the Kern River and San Joaquin Valley fields?

Q. Yes.

A. In 1904?

Q. Yes.

A. I couldn't say exactly.

568 Q. Have you any—without making a pure guess, have you any approximate knowledge, any knowledge of the approximate amount?

A. Oh, I should say probably 75 or 80,000 barrels a day.

Q. Do you know anything about what the consumption was?

A. No.

Q. Do you know anything about the amount that was being held in stocks at that time—in storage—I believe they call it being held “in stock”?

A. 11 or 12,000,000 barrels in stock at that time.

Q. How much?

A. 11 or 12,000,000 barrels in stock at that time.

Q. Do you know how many days' supply that was at the rate of consumption of oil at that time?

A. Oh, I think at that time it was a number of days. The consumption was comparatively small then.

Q. Do you know how many days?

A. No.

Q. Do you know whether it has increased or decreased in the past year as compared with that year?

A. The number of days' supply?

Q. Yes.

A. I should say it has decreased.

Q. That it has decreased?

A. I would say so.

Q. Do you know anything about the exact figures on those things, or approximately, during these intervening years?

A. No, not very much.

Q. Do you know whether they are drawing on stocks at the present time and have been during the whole of this year?

569 A. Do I know that they have not been?

Q. Do you know they have not.

A. No.

Q. How do you know that?

A. Well, at the present time we have a statistical department which keeps accurate figures on that.

Q. Of all the state production?

A. Yes.

Q. Can you tell me what it is for each of the months of this year, the production and the consumption, and by consumption I mean the sale?

A. I don't remember it off-hand, but the surplus has run from 16 or 1700 barrels a day, up to 8 or 9,000 barrels.

Q. Do you know whether the quantity on hand, taking it in proportion to the consumption, taking the number of days of supply on hand, do you know whether it has increased or decreased since the first of January of this year?

A. Bound to decrease, because the consumption is constantly growing and the stocks during the last year have not been added to very materially.

Q. Have they been subtracted from?

A. Probably a very small quantity—very little, though.

Q. What do you call little?

A. Oh, an inconsequential amount.

Q. Can you give me the number of days' supply there was on hand the first of January of this year?

A. No, I can't recollect it.

Q. Can you give me the number of days' supply there was
570 on hand the first of June of this year?

A. No, I don't recollect those things.

Mr. Heney: I want to say to the Commission that I can apply these facts and figures later on before the Commission. Was not the real reason for wanting to build a pipe line the fact that the transportation by pipe line is so much cheaper than that by rail, according to the rates that have been in existence in California since 1904, that the producers were at the mercy of the pipe line owners at the fields unless they had a pipe line of their own?

A. Well, the producer in the field could not reach the market very extensively without the pipe line; he could not depend upon the railroads and pay the freight rates; he was handicapped.

Q. What pipe lines were there in existence at 1909 at the time the agency went into this contract with the Union, that were running from the San Joaquin Valley fields to tidewater?

A. The Standard had a line from the Kern fields to Richmond, a branch in the Coalinga field, and the Associated had a line out of the Kern River field to tidewater and a branch to Coalinga, and they also had a line from Coalinga to Monterey.

Q. Now, were there any other pipe lines out of those fields to tidewater at that time?

A. No.

Q. Now, what pipe line companies or marketing companies were producing oil in the fields in any considerable quantity at that time?

A. The Standard and the Associated.

Q. Any others?

A. No.

Q. So the owners of the pipe lines were really the only purchasers available for the producers in the field at that time?
571

A. With the exception of those producers situated in the interior would draw their surplus over the railroad.

Q. It would be quite an inconsiderable part of the whole production?

A. Oh yes, an inconsiderable part.

Q. What amount of production had the Union in Kern River fields at the time this contract was entered into with the agency?

A. None to speak of.

Q. None to speak of?

A. No sir.

Q. Had they commenced to drill the wells there at that time?

A. They had undertaken the lease on the Sunset Road Oil Company at that time.

Q. And how much property was that?

A. Oh, it involved a big acreage, but not very much productive property; production has never been large—very small.

Q. Well, in the San Joaquin Valley on the amount of production

at the Union at the time the contract was entered into with the agency—what was that production?

A. I thought that was your former question and I answered it.

Q. Well, I confine myself to Kern River field.

A. Oh.

Q. I want to make it a little broader now. I am including Coalinga now.

A. Yes. They had comparatively nothing at that time.

Q. What amount of production had the Independents who
572 joined the agency in the beginning, or rather just prior to the time this contract was entered into with the Union for the building of the pipe line? How many members had the agency? Before you announced you had made arrangements for building that pipe line, how many members had the agency?

A. Oh, something under 100.

Q. About what production?

A. About 18 or 20,000 barrels a day.

Q. In the entire field?

A. Yes.

Q. Can you say the Union had practically nothing?

A. No.

Q. Did the Union at that time have a marketing business established?

A. Yes.

Q. For fuel oil?

A. Yes.

Q. Did they have any fuel oil wells anywhere?

A. Yes.

Q. Where?

A. In the Ventura fields and in the Fullerton fields and other coast fields—Santa Maria, and they had the residium from their light oil which is marketed as fuel oil.

Q. They were refining at that time?

A. Yes.

Q. And do you know as to whether the production which they had on fuel oil at that time was sufficient to meet their marketing contracts?

A. I think so.

Q. Well, they wanted to buy 5,000 barrels a day, didn't
573 they?

A. Yes, but I expect they wished to increase their business, had an opportunity to increase their business with more oil, and I think their production was fairly well satisfied.

Q. Now, did the Producers Transportation Company, the pipe line company, bring any suits, condemnation proceedings for the purpose of securing rights of way in building that pipe line?

A. I think so.

Q. In what counties?

A. I think there was one instituted in Kern County and one in San Luis Obispo County.

Mr. Heney: In connection with the witness's testimony I would like to offer in evidence a certified copy of two suits in San Luis Obispo County.

Commissioner Eshleman: Will you submit the copies to the attorneys?

Mr. Heney: Yes. (Handing document to Mr. Toland.)

Mr. Toland: They are certified?

Mr. Heney: Yes, the certificate is at the very end there. It is one suit only and a judgment, rather.

Mr. Toland: You have just the complaint and the decree?

Mr. Heney: Yes.

Mr. Toland: You haven't got the answer.

Mr. Heney: I don't know whether that is there or not.

Mr. Andrews: We have no objection to this provided the judgment roll is produced. There should be before the Commission the entire judgment roll and not a piece of it, like this.

Commissioner Eshleman: You may have the privilege of supplying the rest if you wish.

574 Mr. Heney: We are only concerned with the statements made by the transportation company.

Commissioner Eshleman: Well, if the decree was granted it would seem that the court agreed that the contention of the plaintiff was correct, but we might see what the contention of the county was or the land owners. It may be marked. We will call you people protestants—I don't know just what we will call you people, Mr.

Heney—

575 Mr. Toland: It was friends of the court before.

Mr. Heney: I hope we haven't changed our status.

Commissioner Eshleman: What is the name of your association, Mr. Heney?

Mr. Heney: Oil Producers & Consumers League.

Commissioner Eshleman: Call it "Consumer's" Exhibit No. 1 for the purpose of the record.

Mr. Heney: We suggest that a copy of the proceedings of the complaint and judgment in the suit in the other county should be filed.

Mr. Andrews: There was no judgment; there was a complaint filed and I don't know if there was a summons ever issued; at any rate, it did not get beyond that.

Mr. Heney: Oh—well, we don't care for that then.

Commissioner Eshleman: Well, we might have that complaint if you wish it.

Mr. Heney: Have you transported any oil through this line that has not been marketed yet? Have you any in storage at Port Hartford?

A. Very little at Port Hartford; we have oil stored along the pipe line system.

Q. About how much?

A. 10,000,000 barrels.

Q. And by "along the system" at what point is it, Mr. St. Clair?

A. Oh, at various points along the system, in the station tanks,

and then at the tank farm at San Luis Obispo and in the Midway fields.

Q. Is there any considerable quantity at Port Hartford you say?

A. No.

576 Q. Any of this that has been transported over any considerable part of the line, or—

A. Some of it, yes.

Q. Can you say about how much?

A. Well, it is along the entire system; I couldn't say how many barrels at each place or how far along the line it would be, but it is scattered along in transit.

Q. What is the system of charging it or collecting for it? Would it appear in the report of the amount transported during the preceding year if it has not been yet sold?

A. I don't know as to that; I am not acquainted with the system of accounting.

Q. You don't have to do with the pipe line company's accounting?

A. No, not with the accounting of the pipe line company, no.

Q. Do you know whether the members of the agency are charged up with the freight in any way before they get returns on their oil?

A. No, they are not.

Q. Except as a matter of bookkeeping?

A. No.

Q. Well *how*, has the agency been opened to everybody who wants to come into it during all the time that this contract has been in operation with the Union Oil Company as the marketing agency?

A. No one has been denied admission to it.

Q. And do you hold yourselves out as open to any independent producers that wanted to join?

577 A. I think so. In the early days of the agency the agency solicited the membership of companies and maintained a very active campaign, but along in 1910, after the coming in of the Lakeview with that big production of theirs, it filled the pipe line system and filled all our storage containers and necessitated the shutting off of the oil, or the cessation of taking oil from the various producers. At that time we gave up the campaign of getting new members into the agency for a period of time. There was no official action upon that in any respect. It was just a question of whether we should continue a campaign for new members when we could not take care of the members of the agency. No one has ever been denied admission to the agency. Every application has been considered.

Q. In other words, you quit the affirmative action and took merely a neutral one of waiting for them to come in if they wanted to?

A. Pending the time of this Lakeview oil delivery to us.

Q. Who owned that Lakeview?

A. The Lakeview Oil Company.

Q. Was it a member of the agency?

A. Yes sir.

Q. And how long did it furnish an over-supply, about how long?

A. It was producing nearly a year, but we had filled every avail-

able container and even moved oil to the Kern fields and stored it in the reservoirs of the Associated Oil Company, which later had to be taken out of these reservoirs and put back into the system, so that the effect of the Lakeview has been felt very much right up to now.

578 Q. Now then, in joining the agency does each member sign a separate contract with the Producers Transportation Company?

A. Yes sir.

Q. In which general terms he agrees to deliver his oil to your pipe line for transportation, all of his production?

A. After he has signed his sale contract with the agency—it is an underlying contract which is not effective—

Mr. Andrews: In that connection, we will present a copy of the contract as our next exhibit if you will permit the interruption—

Mr. Heney: Yes, I would like to have it.

Mr. Andrews: It is identical with Exhibit A attached to the answer, excepting as to the name of the second party I think—substantially the same.

(Which said document was introduced in evidence and marked Respondents' Exhibit N.)

Mr. Heney: About how far from the Coalinga fields to San Francisco Bay where you were talking of building that pipe line that you tried to get capital for?

A. I should say about 115 miles.

Q. How long is the pipe line of the Producers Transportation Company?

A. 270 miles of single line.

Q. It is a double line from the Junction?

A. It is for 70 miles, yes. 202 miles eliminating the new loop.

Mr. Heney: Is it the position of the commission that they care to go into the question of the accuracy of the schedule of rates filed at this time?

579 Commissioner Eshleman: No, the Commission wants to do the preliminary work and determine whose rates we will have to go into, and then, of course, our inquiry will be limited to the rates of those concerns. Of course, if we covered all of them we would have to go into all the rates, but if we eliminate some why we would eliminate some of the rates.

Mr. Heney: That is my understanding. Does that include the system of handling oil, how it is handled and whether it should be handled that way or not?

Commissioner Eshleman: Well, any question which appears pertinent upon the status of these companies as public utilities under the pipe line acts will be considered by the Commission—under the act which we are proceeding under now—but if the matter does not have reference to that particular point, why, the Commission does not care to go into it at this time.

Mr. Heney: I mean the question of the feasibility of a pipe line being used as a common carrier.

Commissioner Eshleman: Now, that is a question that the Commission has not yet discussed, but some of us have thought of it, whether or not that is a matter we have anything to say about. Of course, the Commission will say now and I assume everyone knows that, that all statutes are constitutional. We are not in a position—a police court in Oakland declared a constitutional statute unconstitutional on me once, but we assume these are constitutional, and if that does not have a bearing upon whether or not that comes under the statute, why, we should not consider it, should we?

Mr. Heney: That is my idea, but I wished to be guided by the wishes of the Commission.

580 Commissioner Eshleman: Well, the Commission will consider that matter. We haven't yet considered how far we will go on that particular line, but our general inquiry is to limit ourselves in this inquiry to those things that have a bearing upon the status of these companies as coming within the law or not. Now, if that has a bearing we will consider it; if it does not—

Mr. Heney: No further showing.

Commissioner Eshleman: Does that finish your showing with the Producers Transportation Company?

Mr. Andrews: No, your Honor, we have several more witnesses—

Commissioner Eshleman: Well, the Commission has the Wells Fargo case on this afternoon but we have asked Commissioner Edgerton to preside for the further taking of this testimony and you will meet in the top floor of the Pacific Building at 2 o'clock before Commissioner Edgerton.

(The Commission thereupon took a recess until 2 o'clock P. M.)

Afternoon Session.

2 o'clock p. m.

Commissioner Edgerton: The Commission will come to order. Had you finished with Mr. St. Clair?

Mr. Andrews: No, I wish to ask him a few questions.

Commissioner Edgerton: All right, if you will take the stand.

L. P. ST. CLAIR recalled.

Direct examination resumed:

Mr. Andrews: You were asked some questions in regard to the production and movement of oil which, for lack of definite
580½ data, you were unable to answer. I will now ask you whether at the noon recess you have secured any data on that subject, and if so, what it is?

A. As stated to the Commission this morning, we have a statistical bureau which comprises a department which compiles monthly

facts and information relative to the production, as well as the consumption of oil in the state, shipments, stocks, and so forth. We believe that the data is very, very accurate; and during the recess I went to the office and secured a couple of the statements, and from that I would be able to make some pretty definite replies now in relation to them.

Q. Have you those statements?

A. I have, yes sir.

Q. And the one in blue, what is that?

A. This is the statement for the month of July 1913.

Q. What does it show?

A. It shows the production, consumption, shipment and stocks of oil in the state of California from the first and last of the month, and the increase and decrease during the month; it shows the oil handled by all the different pipe lines, the oil handled and the oil that goes to the consumers direct either from shipments from the field or otherwise and all those items.

Q. May we have that to file?

A. You may, yes sir.

Mr. Andrews: We would like to file that as our next exhibit.

Commissioner Edgerton: It may be marked Exhibit O.

Mr. Heney: Who makes that data for you?

A. It is under the supervision of Mr. Silsbee. We have quite a department, quite a number of employees in that department.

Mr. Heney: Who is the head of it?

A. F. J. Silsbee.

Mr. Heney: Is that the department Mr. Robb is in too?

581 A. No, that is a separate department. This department

Mr. Silsbee presides over.

Commissioner Edgerton: That is the oil company or the agency?

A. The agency, yes sir.

Mr. Andrews: What is the statement with the red cover?

A. This statement is a statistical review for the first half of 1913, which shows the same information for that period, for the six months ending June 30th.

Q. May we have that?

A. Yes sir.

Mr. Andrews: We will file that as our next exhibit.

Commissioner Edgerton: Exhibit P, you may file it.

Mr. Andrews: As a practical proposition to the marketing of oil, is it or is it not necessary for the seller to have the certainty of delivery, to know that he certainly can deliver it, the amount of oil contracted at the time specified?

A. To be sure he is taking quite a risk unless he knows where he is to get the oil to fill the contract which is taken for a period of years and for great quantities.

Q. How many pipe lines are there now in and out of the San Joaquin Valley fields and what are they in a general way, what is their capacity?

A. To the best of my knowledge the Standard Oil Company has two pipe lines leading to Point Richmond; the Associated has two leading to San Francisco Bay and one from the Coalinga fields to Monterey; the Producers Transportation Company has pipe lines leading to Avila; the General Petroleum Company line leading to Los Angeles.

582 Q. What is the capacity of those various pipe lines?

A. In round figures I would say 180,000 barrels a day.

Mr. Heney: That is all of them, that is the aggregate?

A. I should say so.

Mr. Andrews: In the movement of oil from the field of production is it not all the oil that has been moved for which there was a market during the past six months or during the past year?

A. I would say that during the past year all of the oil has been moved from the fields that was required for the market.

Q. You are familiar with the time when the Standard ceased to purchase oil of less than 18 gravity?

A. I don't remember definitely; I think it was along in September or October, 1912.

Q. But anyway that was a fact, along about a year ago?

A. Along about that time, yes sir.

Q. What if anything did the agency do with respect to the oil producers who had previously delivered oil to the Standard and who were cut off by that policy?

A. Well, immediately on the issuance of that ruling, recognizing the situation and the difficulty which those producers would probably have in placing their oil, I met with the organization in Bakersfield and told them that I would endeavor to arrange a way of handling it; they asked if that meant it would be handled through the agency; and I said yes, in a way. They said: "We understand that those sales at the present time only take care of the amount of oil which the producers are producing and that, if we would add our production to that it would have the effect of reducing the amount of oil that is sold for the then existing members of the agency as

583 well as the new members that would come in." And I said that that was quite true, that it would have that effect, but that I still believed I could make an arrangement whereby they could be taken into the agency, all those that desired to go into the agency, and that I could arrange so that the taking in of these new members would not alter or change the position of the then existing members and that at the same time it would have the effect of handling all of the oil of the new members.

Q. Then what was done?

A. After some little investigation I presented the matter to the Union Oil Company and suggested, or rather recited the condition; there were quite a number of producers who had been affected by that ruling; I could conceive of no way in which the oil could be handled at that time other than by the agency. The agency of course couldn't assume the burdens, could not conclude to do that unless there was some arrangement made whereby the taking in of the new members could be done without affecting the old members. And then Mr. W. L. Stewart of the Union Oil Company addressed a

communication to me in which he recited the conditions as he understood them, recognizing the value of the wisdom or the necessity rather, recognizing the necessity of taking care of that situation. He said that if the agency would take in these producers or if the producers would come in that the Union Oil Company would agree with the agency that to the extent that we took in those new producers they would guarantee for a period of one year that it would have no effect or change the position of the then existing members; and that arrangement was completed; the invitation was extended to all

584 those producers to come into the agency; and to the best of — knowledge and belief at this time they all availed themselves of that offer with the exception of three, as I remember, and two of those companies said they did not care to join the agency, sign the agency contract. They went to the Union Oil Company and the oil company purchased the oil direct. Of course, that immediately became agency oil under contract handled in just the same way. This the Union Oil Company had to set aside. And the other producer was the Monte Cristo in the Kern River field which was putting its oil in storage at this time.

Q. Who were those two handled by the Union?

A. The Mascot Oil Company controlled by Mr. Spellacy, and the Pierpont Oil Company, I think that was controlled by Mr. Black of the National Supply Company.

Q. Do you know of any oil producers producing any quantity of oil in the San Joaquin Valley whose oil is not being sold or handled either under contract by some one of the marketing concerns or under contract by the agency except that one case where they are putting oil in storage?

A. No sir, I do not. There are some companies, you understand me, whose property is shut down at the present time, but that is due to their own situation, that is, the fact that they cannot be economically operated today at these prices. There are some of those companies that make no effort to do anything with their property, but only a few of those, and they could dispose of their product today to the agency if they so desired.

Q. Have the various oil producing companies whose contracts for the sale of oil to the Standard and the Associated and other marketing concerns have expired during the last three years, have
585 they had the opportunity to come into the agency if they so desired?

A. If they so desired, yes sir.

Mr. Andrews: I think that is all.

Commission- Edgerton: I want to ask Mr. St. Clair some questions that you might want to touch on in your cross-examination, Mr. Heney. First, at the time of the organization of the Producers Transportation Company, or at the time there were efforts being made to make arrangements for marketing and shipping the oil, as far as the agency was concerned I want to ask you whether or not any consideration was given to the matter of hauling oil in this pipe line for people other than those in the agency?

A. No sir.

Commissioner Edgerton: Why not?

A. We believed at that time, Mr. Commissioner, that this was going to be a very advantageous arrangement; we believed further that after the completion of the marketing contract and the pipeline contract, with the building of the pipe line, that the position of agency members would be so advantageous that all the other producers would come into the agency thereby furnishing sufficient oil to satisfy the complete capacity of the pipe line.

Commissioner Edgerton: That it was to the interest of the agency, in the judgment of the men composing it, that entirely independent oil be not shipped through this pipe line?

A. It wasn't considered from that point of view.

Commissioner Edgerton: In other words, from what you have said—

A. (Interrupting.) Of course we expected to increase our membership and we did very materially.

Commissioner Edgerton: Your purpose was to force them into the agency?

586 A. No, not at all; but we believed our position would be such that it would be desirable for other producers to come in and avail themselves of that.

Commissioner Edgerton: And the opportunity was offered and the advantages shown to parties if they would ship their oil that way?

A. Yes sir.

Commissioner Edgerton: Was the opportunity offered to ship oil without joining the agency, at an appropriate price and probably at a profit?

A. Of course, we believed at that time—whether it is so or not, that is a matter of law, I guess—we believe that the pipe line for the use of the agency, that the agency had the exclusive use of that line and preferential right, and at that time there was no thought or no consideration given to the question of any of the oil being handled because we expected the agency would operate to its full capacity.

Commissioner Edgerton: At that time had the agency control of sufficient oil to fill the pipe line to its capacity?

A. No, I wouldn't say to its full capacity.

Mr. Heney: Does that mean a single or double line?

A. That means a single line because that is all that was built at that time. Afterward we increased the amount of oil we handled, and to maintain the capacity of the producers Transportation Company line they pumped and put a loop line from the Junction, and that added to its capacity.

Commissioner Edgerton: You testified this morning that the agency had a contract with the Producers Company for the shipment of oil, marketing of oil; that in addition to the individuals

587 composing the agency or the individual companies, had a contract with the Producers Transportation Company for shipping oil; but I believe it was not stated—I have forgotten whether it was or not—that the contracts with individuals were not being exercised at this time?

A. No, the underlying contracts are not effective at this time.

Commissioner Edgerton: It is being shipped under agency contracts?

A. Yes Sir.

Commissioner Edgerton: I believe you stated there were not in existence contracts sufficient to keep up the capacity of the pipe line, did you not?

A. I was speaking of other contracts at that time.

Commissioner Edgerton: That is what I am not clear on.

A. That was the contract for the sale of oil, that was the contracts for the consumers of oil.

Commissioner Edgerton: You are not referring now to contracts with oil producers?

A. No.

Commissioner Edgerton: Have you contracts in existence now sufficient to keep the capacity of your line up, with oil producers?

A. If the oil which we handled was distributed so that we could use all portions of the pipe line, the best I would say is that if we had that oil so that we could handle it to the best advantage I would say that there was some separate capacity; but unfortunately all the increase in production has been in the Midway field, that is where our increase has been.

588 Commissioner Edgerton: For instance, you have said that the individual contracts weren't operative?

A. No.

Commissioner Edgerton: Is there a possible difference in the amount of oil that is shipped on those contracts individually and the agency contracts?

A. I think so.

Commissioner Edgerton: The agency provides that all oil produced by this company shall be shipped?

A. Yes sir.

Commissioner Edgerton: I believe you said you had 173 companies?

A. Yes Sir.

Commissioner Edgerton: In the agency?

A. Yes sir.

Commissioner Edgerton: And the oil of all those companies is now being shipped from time to time?

A. Yes sir.

Commissioner Edgerton: Do those oils vary in gravity or quality of any kind?

A. The oils vary in gravity to a certain extent. Of course, the oil that is handled under an agency contract is offered in big blocks, you will understand; dozens of producers at the same time, and the oil would average, coming to the pipe line, that is, the oil coming to the pipe line has an average gravity. While we handle some heavy oil in the pipe line we only do that at the convenience of the pipe line or whenever the average gravity permits of its transportation with ease. The other oil which the agency handles, the heavy gravity oil such as the Kern River products and the Maricopa prod-

ucts, is all shipped out by cars, it isn't moved through the pipe lines.

Commissioner Edgerton: Just tell us the gravity of the oil that is shipped through the pipe lines, give us the minimum and maximum.

589 A. The oil that goes through the pipe line is a gravity of between 16 and 17, close to 17, maybe a little over.

Commissioner Edgerton: And is 16 the limit? I mean, 16 is the heavy oil, is it not?

A. No. Some oil going into the pipe line tanks at the initial station under the lower gravity than that, it goes under a lower gravity than that, but other oil comes in and raises the average. In my judgment it wouldn't be possible to operate that line on a comparatively low gravity oil.

Commissioner Edgerton: You spoke of low gravity oil being hauled by railroads?

A. Yes sir.

Commissioner Edgerton: Evidently because it shouldn't or doesn't go into the pipe line.

A. Yes, because it isn't practicable to move it through the pipe line.

Commissioner Edgerton: I want to get the gravity that is practical, the minimum?

A. I should say 16 gravity.

Commissioner Edgerton: 16.

A. What I mean by practicable, that is, I mean an oil that will move through the line and without affecting the capacity of the line.

Commissioner Edgerton: Yes.

A. You might move oil through there of lower gravity, but you would have the effect of reducing the capacity of that line if you did so.

Commissioner Edgerton: In the operation of your line you consider 16 about the limit?

A. Yes, I should say so.

590 Commissioner Edgerton: Do you at times send oil through that line and maintain its identity?

A. Maintain its identity? We do on one or two occasions; but in order to do that, Mr. Commissioner, we have to practically stop operation of the line, clear the line and move this oil through and then start up. You can't do it without affecting the operation of the line.

Commissioner Edgerton: Just tell us exactly how the oil agency—how the oil of the agency members is shipped? For instance, taking it from the point of production and carrying it into the pipe line.

A. You will understand, of course, that I am not a practical pipe line man.

591 Commissioner Edgerton: You know how that is done?

A. I know in a general way, yes sir, that is all. In the majority of cases, and I say with the exception of some singular cases, the oil runs into the tank at the initial station and out of the tanks,

and the oil takes an average gravity and its identity is lost after it is once in the line.

Commissioner Edgerton: The oil is brought into the tank and is allowed to mix?

A. Yes sir.

Commissioner Edgerton: Of itself?

A. Yes sir.

Commissioner Edgerton: No effort made to mix it?

A. Yes sir.

Commissioner Edgerton: And does it mix of its own accord?

A. It blends.

Commissioner Edgerton: It blends completely?

A. I don't know how completely.

Commissioner Edgerton: There is no additional effort made to have it blend?

A. I don't think there is; I think it is in the ordinary course of the handling, and it takes care of itself.

Commissioner Edgerton: Then the oil is drawn from these tanks into the pipe line?

A. Yes sir.

Commissioner Edgerton: Is there a distinction made between the gravities of oil produced by the various companies as to the return they get?

A. No, not in the agency.

Commissioner Edgerton: For instance, if one man produces 16 gravity oil and another man 17 he gets the same return?

A. Yes sir.

592 Commissioner Edgerton: Now, in your judgment, as a pipe line operator would it be impossible to maintain the identity of oil going into a pipe line?

A. I think it would be impossible to maintain the identity of oil going into a pipe line without interfering seriously with the operation of the line, that is, cutting down its capacity tremendously. Of course, I mean by that too if the oil varies in character to any extent. Take 16 gravity and 17 gravity, take two grades, one at 16 and the other at 17 gravity—

Commissioner Edgerton (Intg.): All of this in gravities one at 16 and one at 17, that mixes to a considerable extent in the pipe line?

A. Yes sir.

Commissioner Edgerton: To what extent?

A. Well, I don't know exactly to what extent, I have never had any information on that—

Mr. Andrews (Intg.): Those practical questions we will ask Mr. Clark who will take the stand later, and we will be glad to have those questions gone into. He is the manager of this pipe line.

Commissioner Edgerton: Of this same pipe line?

Mr. Andrews: Of this same pipe line.

Commissioner Edgerton: Very well. There is no attempt to keep these oils separate, it is all put into a general pot and drawn off?

A. That is so as a rule, Mr. Commissioner. You will understand, however, that the operation of the pipe line varies during certain seasons of the year and particularly in the colder months. In moving all at 15 or 16 or 17 gravity, or anything like that there are times when that all becomes cold and gets very sluggish, and
593 in order to keep your pipe line running up to capacity it oftentimes happens they accumulate along the system oil of lighter gravity and when they note the oil becoming sluggish, when they note the amount of oil being moved, they inject this lighter oil in there and liven it up—in other words, they do that to raise the gravity so that it will pump more readily; and we do accumulate oil along the line.

Commissioner Edgerton: I believe you said the Union Oil Company was a member of the agency?

A. Yes sir.

Commissioner Edgerton: And it all, I assume, goes into this general tankage that goes to the pipes just the same as the oil of the other members of the agency does?

A. Yes, but you will understand that the Union Oil Company joined the agency and had a lot of oil over on the coast and down in the southern fields, and the Union Oil Company has some very light oil down there which it put through its refinery and the residuum comes back through the agency again.

Commissioner Edgerton: I am speaking of the oil going through this pipe line; the oil of the Union Oil Company that goes through the pipe line goes through as the oil of other agency members goes through, that is, it is put in the general tanks?

A. Yes sir. All of the Union Oil Company oil of the character of the agency oil goes right in with the agency oil and its identity is lost.

Commissioner Edgerton: Now, you speak of the character of the agency oil——

A. Yes sir.

Commissioner Edgerton: You mean by that at 16 or 17 gravity?

A. Yes sir.

594 Commissioner Edgerton: When they are heavy products or when they are very heavy or very light oil they do not go through.

A. Of course, the heavy oil is moved out—in one or two instances the Union Oil Company in order to purchase some very light gravity oil over there, they wanted a very light gravity oil, and there was an effort made to move that oil through by itself, as far as it is practicable. Of course it isn't practicable to do it entirely, it is lost in that general mixture; and then with a heavier oil they have to inject lighter oil into it to keep the pipe line moving.

Commissioner Edgerton: You are speaking of this pipe line?

A. Yes.

Commissioner Edgerton: Then there are instances where you are forced to or all maintains its identity?

A. You mean the Union Oil Company oil? It is agency oil the same as any other, but the Union Oil Company purchased in the

field and then it comes through and is subject to the contract, you see.

Commissioner Edgerton: Yes.

A. Now, the character of that oil can not be determined in the field; it is determined when it goes to the refinery, and up until it gets to the refinery it is agency oil. When it gets to the refinery and is finally separated into its part you get a certain amount of gasoline, a certain amount of distillate or lubricating oils; but the residium comes back.

Commissioner Edgerton: I believe you said that the identity of part of that oil is maintained in that oil?

A. So that the values of the oil should not be lost they endeavor as far as possible to keep it separated.

595 Commissioner Edgerton: You say as far as possible?

A. Yes sir.

Commissioner Edgerton: Do they do that successfully?

A. Not very successfully; there is a big loss in it.

Commissioner Edgerton: Give us an idea of the result of that.

A. I don't know, that is a practical end of the business I am not acquainted with in detail. I don't know the exact facts about it. I think when Mr. Clark gets on the stand can answer those questions.

Commissioner Edgerton: If it wasn't reasonably successful the attempt would be abandoned, that would all be allowed to go through with the rest.

A. Oh no, not necessarily so.

Commissioner Edgerton: Is there any more difficulty or expense to send all through that pipe line and maintain its identity to any degree than to send it through with the mixed conditions you speak of?

A. Certainly. You have to handle it in separate blocks and lots, you know, and of course that impairs the efficiency of your line very much.

Commissioner Edgerton: Then -here is an attempt made to maintain the identity of a certain part of the Union Oil Company's oil, and it would be more expensive, you say, and you say it isn't very successful?

A. Yes, but I have just tried to point out to you what it was necessary to do, that to a certain extent notwithstanding all of the other conditions; that in order to keep up the efficiency of your line you have to accumulate along that line light oil to inject in there when oil becomes sluggish.

596 Commissioner Edgerton: And in order to accumulate that light oil its identity must be maintained?

A. To a certain extent, yes sir.

Commissioner Edgerton: To the extent to make it useful.

A. It might be 25 gravity going in and coming out only 22 gravity.

Commissioner Edgerton: Does that happen?

A. It is affected to some extent; I don't know the exact amount.

Commissioner Edgerton: Could you give us an idea approximately

the relative amount of Union Oil Company oil shipped through the lines as compared with the other members of the agency?

A. In the valley fields?

Commissioner Edgerton: Any.

A. Yes.

Through this one line? I can only say, I would say offhand it would be 20 per cent.

Commissioner Edgerton: 20 per cent of the total amount shipped?

A. Yes sir. It may be a little more than that or a little less than that; I have never noticed that, haven't noticed it recently.

Commissioner Edgerton: That is all.

Recross-examination:

Mr. Heney: Mr. St. Clair, have you the statistics for the years in regard to these same subjects?

A. We have the statistics for the last 3 years only. We commenced this oil—opened the statistical department early in 1910. We have it for that period.

597 Mr. Heney: I think it would be very important for the Commission later on if these statistics can be furnished in full of the pipe line alone, and not for the pipe line alone but this whole question.

Commissioner Edgerton: Could they be furnished?

Mr. Andrews: Sure. Are those statistics for the earlier period as accurate and certain as these for the past year?

A. I wouldn't say they were, Mr. Andrews; in the earlier days they didn't attempt to show as much as we have recently. At first we just attempted to show the state's production and its shipments; we didn't go into as much detail as we have in the last few years.

Mr. Heney: In these former statements did you get the data from the same source that you get it from now?

A. Well, I will tell you—well, our data is practically compiled by our field men in the fields. Of course, now, I say it is authentic; we believe it to be very accurate.

Q. Approximately?

A. Yes sir. It might not be absolute.

Q. The Standard publishes a statement periodically, doesn't it, giving much of this kind of data?

A. I don't know. I have seen statements in the papers showing their receipts and pipe line runs, I believe that is all.

Q. No more general? I saw in this week's Oil Derrick a statement purporting to come from the Standard showing much of this class of data.

A. I don't know about that.

Q. Haven't you seen those?

A. No.

Q. The data is not compiled then to any extent from the Standard's reports?

A. Absolutely not.

598 Q. Yours is entirely from original investigation?

A. Yes sir, independent sources.

Q. Yes.

A. And as far as the data applies to the marketing companies I say they might be in some error. My only desire in offering this here as an exhibit in this case is that the Commission shall be afforded all data which we have relative to our own position. We are not pretending to show the position of anybody else in this, and so far as any other data is concerned we do not vouch for it or for the correctness of it.

Q. I do not think that exact figures are at all necessary for the Commission, but approximate figures would be of great advantage.

Commissioner Edgerton: Well, they have offered to compile them.

Mr. Andrews: We will supply the data anterior to this that you have. We can do that, can't we?

A. Yes sir.

Mr. Heney: Now, under the contract that you have with the individual producers who determines—or, under the contract between the agency and the Producers Transportation Company line who determines how much shall be taken and when it shall be taken from each of the individual members, taken away from its point of production?

A. The agency does that, they offer the oil.

Q. What is the practical way in which it is done? Does each individual notify you that he has some oil and wants you to take it away?

599 A. The field men and the gaugers of the field, that is, we have field managers; and the producer, when he gets a tank of oil ready to run notifies the field manager; and the field manager sees that it is conveyed. If he has several to run he would probably ask to have that ready in a couple of days; when the field manager is advised that the tank is ready for a shipment then he orders the gauger to go out and strap the tank and sample the oil, and if he finds it ready for delivery then he orders it turned on.

Q. They are a separate set of employees for the pipe line company, or does that man you are speaking of work for the pipe line company?

A. The man I speak of works for the agency.

Q. Is there any other man working for the pipe line company?

A. The gaugers work for the pipe line company.

Q. Who receives it for the pipe line company, these gaugers?

A. The gaugers.

Q. Who determines which oil shall be received?

A. Who determines which oil shall be received?

Q. Yes. Suppose there are a dozen applicants whose oil is to be taken care of; who determines the order in which it shall be taken away?

A. The field manager.

Q. The field manager of the agency?

A. Yes sir.

Q. And he depends upon notice being given to him by the producer that he has oil to be taken care of and orders it taken away for that man?

A. Yes sir.

600 Q. And if it isn't taken away with some reasonable promptness the producer naturally makes a kick, is that right?

A. Yes sir.

Q. And the pipe line company has a lien upon the oil of each producer for transportation charges, has it not?

Mr. Andrews: I would suggest that the contracts speak for themselves in that respect.

Mr. Heney: Well, the gentleman has been testifying as to who is doing this.

A. I wouldn't say as to that without reviewing the contract. The contract is an exhibit and speaks for itself.

Commissioner Edgerton: If you do not know, say so.

A. No, I haven't read it recently.

Mr. Toland: This is simply an effort on the part of this representative of the consumers relative to taking care of the agency members themselves and has nothing to do with the subject of the transportation question.

Commissioner Edgerton: He is inquiring into the practice of the transportation company, as I understand it?

Mr. Heney: In order to make my position perfectly clear: First, there isn't a single consumer, to my knowledge, who is a member of the oil producers and consumers league; every member of it up to the present time is a producer, an independent producer with capital letters for every letter in the word independent.

Mr. Andrews: Will you let us have a list of those members?

601 Mr. Heney: Yes, we would be glad to let you have a list of those members. And in the next place, providing they won't be put on a black list by anybody—the next place, this question is solely because Mr. St. Clair has testified that the individual contract between the members and the pipe line are not in operation, that they are underlying contracts; now, I want to see what he bases that statement on. I am assuming that both contracts are in full force and effect, the agency and individual contracts, and I want to see if the individual has anything to say about whether his oil goes over that line or not, I want to see whether they claim to have a lien on his oil for it and on his property for the transportation charges.

Mr. Andrews: I would suggest that, in connection with that question, the exhibits which have been filed by the agency show that that oil becomes the property of the agency the instant it is run and that it ceases to be the property of the producer, and therefore the deal has now become a matter entirely between the pipe line company and the agency, and the lien, if any is on the agency's oil and not on the members' oil.

Mr. Heney: That may be. We want to get at the facts. It is already testified that the Union buys oil in the field of lighter gravity than fuel oil; it is testified that this transportation company delivers nothing but fuel oil. There are some slight inconsistencies here. And it appears that the lighter oil can be separated, and they say the Union Oil Company belongs to the agency until it gets to the Union Oil Company and is refined and then the residuum only belongs to the agency.

Commissioner Edgerton: I assume from what is said that there is a lien provided for in the individual contracts. Is that true?

Mr. Andrews: Yes sir, and the same is true in agency contracts.

602 Commissioner Edgerton: I suppose that the real foundation of Mr. Heney's question is what the attitude of the transportation company has been with regard to those, do they claim a lien?

Mr. Heney: Do you know whether they claim a lien under those or not?

A. I couldn't answer that question. As I understand the purpose of your question I think I can maybe clear that up by saying that the agency handles this oil not under this individual contract. The agency claims that from the moment that the oil is gauged in the gauge tank the title from that time vests in the agency; and the agency offers this oil to the transportation company under the contract which the agency has with the transportation company.

Q. What is the purpose of having the individual sign any contract with the pipe line company?

A. Well, the purpose, as I understand—I might be in error as to this—there has always been a little question about the legality of our organization; that is, it might be some time attacked and it might be considered an organization in restraint of trade and we might be dissolved, and the pipe line company, in case that this was attacked and dissolved and its contracts failed—the pipe line company would have some contract—they want some contract to guarantee to it that it would have this oil still.

Q. In answer to a question of the Commissioner a moment ago in regard to whether the pipe line company held itself open for transportation of oil, as to independents, was there also back of the objection to doing that the idea that indiscriminate shipments of oil by individuals would disturb the market?

A. No, that isn't considered. We believe that under our contract with the Producers Transportation Company we have a prior-
603 ity or a preferential right to the use of that line. See? We go out and we take contracts with consumers, a million consumers, we will say, or a thousand consumers; we are obligated directly under those contracts and we have to know we are going to have the oil to satisfy them and we offer the oil to the transportation company. We believe we had the preferential right there by reason of building the line and the method in which it was financed, and those things; but there has never been any question, so far as I know, or at any time any talk as to the movement of outside oil.

Q. The purpose of the organization in the first place was to save the producers from ruin growing out of the then condition of the market the price of oil being so low it was below cost of production?

A. Well, the purpose of it was, as I understood it, was to put every one on an equal plane in reaching the market so that we could obtain of our producers all the advantages of the market without the intervention of the middle man.

Q. Then the producer who does not have the free and equal use of the pipe line to reach the market is not on an equality with some producer who has, is that the idea?

A. I have always believed this:—If I might be permitted to sort of digress here and chat with you—I have always believed and argued that there was no necessity in California for any law such as has been enacted because the agency gave to the producer just what you have been trying to get under these laws: The right to get to market on the same advantageous terms as anybody else could, anybody could come in and get to the market, and not to any particular market but the whole market.

Q. Does he get to market as cheaply as he would get to market if the Standard was a common carrier?

604 A. No question of it.

Q. You think then that the rates would be reasonable for transportation to those pipe lines to Tidewater, would be at least as high as *high as* what the member of the agency is paying today, to the producers, do you?

A. I want to say this.

Q. If you will answer my question and then explain later we will get along very much faster.

A. I am going to answer your question. But I want to say that I believe when the Commissioner or anybody else goes into the question of the transportation of oil and deals with facts and all of the facts in that, I do not believe that there ever will be a rate established such as you would indicate or I have heard you indicate in connection with this hearing. I believe that the rate that the Producers Transportation Company—that the agency pays them is a fair and equitable rate. Now, does any common carrier allow, if the producer used the standard lines or those of the General Petroleum Company or any of them he gets nowhere with his oil; but under the agency arrangement his oil goes right out to the consumers wherever they may be, in Alaska or Chili or any other place, and he gets all the advantages.

Q. Does any of that fuel oil go to San Francisco?

A. Which?

Q. That the agency handles?

A. A very small portion of it.

Q. Some of it does?

A. Some of it does.

Q. That that goes to San Francisco, what does it cost to get it out to Port Hartford?

605 A. Under agency arrangements?

Q. Yes.

A. Under the contract which the agency has with the Producers Transportation Company it costs the agency member $22\frac{1}{2}$ cents; but by reason—and you have to take all these contracts in consideration in dealing with this—but under the provisions of the marketing contract which equalizes the cost of production, as a matter of fact it only costs the producer in the agency, and has only cost him since the time the agency was formed up to the present time $13\frac{1}{2}$ cents to send it to Avila.

Q. To get — to Avila?

A. Yes sir.

Q. How much from Avila to San Francisco?

A. Cost him 10 cents a barrel.

Q. So that makes $23\frac{1}{2}$ cents?

A. Yes sir.

Q. Do you mean to claim that a reasonable price over the Standard Oil lines from Midway fields or the Kern River fields to San Francisco, do you claim they would pay as much as $23\frac{1}{2}$ cents?

Mr. Andrews: May it please the Commission, that is going into a subject that was gone into.

Mr. Heney: It is a subject that the testimony of the witness has invited. If the Commissioner does not want to go into it at this time all right.

Commissioner Edgerton: I do not mind a few questions being answered, but I do not want to open up the rate inquiry at this time.

Mr. Heney: Very well.

Commissioner Edgerton: If I extend the opportunity to one side I would have to to the other.

606 Mr. Andrews: We didn't want a partial statement.

Commissioner Edgerton: No.

Mr. Heney: Can any member of the agency go into the fields and buy oil that he hasn't produced himself and have it transported as agency oil and require the agency to take it?

A. He can by entering into a sales contract covering that.

Q. With whom?

A. With the agency.

Q. Oh, but I am talking about his rights merely as a member of the agency.

A. The contract, the sale contract with the individual member doesn't provide for all the oil which he may handle, you see, because he wouldn't want to do that; but it prescribes the oil produced on certain particular pieces of land.

Q. If he goes into the market and buys oil and he wants the agency to handle it he has to make a separate contract with the agency, does he?

A. A similar contract.

Q. Has the agency any such contracts with any of its members?

A. I don't know of any producer that is doing it.

Q. Is the Union doing it?

A. The Union Oil Company, the situation was different, and there had to be a difference in that because at the time the Union Oil Com-

pany entered into the agency they were at that time large purchasers of oil under contracts that run for several years after that, and we believed this: That there could be no harm in giving them the right to purchase all of the oil so long as that oil immediately came under the sales contract and was handled just the same as any other agency oil.

Q. At the time the arrangement was made with the Union
607 for the building of this independent line did the Union have contracts that *has* some time to run yet for the purchase of fuel oil in the San Joaquin Valley fields?

A. No sir.

Q. What are these contracts you are speaking of then?

A. They are in Southern California and on the coast, in the Fullerton field. The Union Oil Company wasn't in the valley prior to the time of building the pipe line, only in a small way, as the lessee of the Sunset Road Oil Company.

Q. Was there a contract made at that time, at the time that the pipe line building was arranged for, was there a separate contract made with the Union Oil Company by which it was authorized to buy oil, as much as it pleased, and have it turned into the agency?

A. I would have to refresh——

Mr. Andrews: (Interrupting.) I would state that an exhibit has been filed which consists of the contract between the Union Oil Company and the agency which provides that the Union Oil Company provide the agency with its oil whether produced or purchased by it.

Mr. Heney: Well, I haven't seen that contract.

Mr. Andrews: That is the reason I am interrupting you.

The Witness: I would have to refresh myself there.

Mr. Heney: That answers the question. Now, has the Union Oil Company been buying some light oil, lighter gravity oil than fuel oil in the San Joaquin Valley fields and transporting it through this pipe line?

A. Yes, they have.

Q. Can you give us any estimate as to the quantity?

A. Oh, I would say 50,000 barrels a month.

608 Q. How long has that been going on?

A. Oh, about a year, I believe.

Q. There was an attempt made to keep that oil separate in piping?

A. To some extent, I don't know exactly, Mr. Heney, what the extent of that was.

Q. To whatever extent may be considered practicable without destroying the capacity of the line?

A. Yes sir, and without in any way affecting the movement of other oil through the line, of course.

Q. And that oil after it gets out to Port Hartford is taken by vessels down to some other point for refining?

A. Oleum.

Q. After it is refined what happens to it? Is the residuum kept there and handled as a part of the agency oil?

A. Yes sir. You will understand that these pipage contracts and the marketing contracts all deal with fuel oil. The agency's contract with the producer deals with all of the oil, with its products, with petroleum and so forth. Now, the agency claims the control or ownership of all the oil which is handled the minute it is gauged in the tank until the character of the oil can be determined. Now, it can't be determined in the field only to a partial extent, and the actual amount of that or the actual quantities of each character cannot be determined until it goes to the refinery. Now, that oil is handled as agency oil until it gets to the refinery; then it is split up, and if it is a 50,000 barrel or 10,000 barrel or 5,000 barrel lot the gasoline and kerosene and so forth are exempted from the provisions, but the residuum remaining goes on
609 an- is handled under the terms of this arrangement.

Q. Is that true of the oil of any other member than the Union belonging to the agency?

A. Yes sir.

Q. Is there any attempt made to keep the oil of any other member of the agency separate on that account?

A. We haven't any member of the agency that is producing that quantity; but if they are producing any quantity we will permit them all to handle it in any way that suits their convenience and we permit them to get a return from that oil.

Q. Handling it themselves?

A. Yes sir, under the supervision of the agency. The agency claimed control of all this.

Q. You allow them to dispose of that kind of oil?

A. We approve of it, yes sir; if the producer has an oil that he thinks that he can get a return on that will amount to more, if he thinks that the oil is more valuable and he can demonstrate that fact to us by going some place and making a better contract and showing us the contract than fuel oil prices we then ask him to bring the contract in for review and then we approve that contract.

Commissioner Edgerton: I would like to ask if the proceeds of that contract go into the general fund?

A. In that particular instance we never have because it is of minor importance, it is a relatively small affair.

Mr. Andrews: In connection with the oil you say that the Union Oil Company has purchased, that light oil and carried it to the refinery; will you state the manner in which those accounts are kept or the manner in which the statements are rendered? Is it charged to the Union or what course does it receive, how do you settle those accounts?

610 A. The accounting for that is rather complex. The first thing that is done in the accounting is the establishment of the relative proportion of coast and valley oil and also the relative quantity of oil produced by the agency in general and by the Union Oil Company because the Union Oil Company is permitted to use some of its oil for fuel on its boats and in its pipe lines and its refinery; so we take the gross amount of oil that is run to the agency by the Union Oil Company and from that we deduct the

amount that is used for fuel on pipe lines figuring in possible changes at the refinery, and the net amount of that is the amount that participates in sales relatively with the amount which comes from the agency. Does that answer your question?

Mr. Andrews: So that the entire quantity of oil, whether it is light gravity or heavy gravity, is treated in bulk and deduction is made for the oil used for fuel or what is consumed at the refinery?

A. Yes sir. Whenever those factors are determined, but until the determination of that it is all handled as agency oil.

Mr. Andrews: And has that process been adopted and established and has it been carried out from the beginning of the dealings?

A. From the very beginning, yes sir.

Mr. Heney: Do I understand you that there is some deduction then made in some way from the transportation charges that on the face of it goes against the oil that is transported to the pipe line?

A. Yes sir.

Q. And that deduction is reached in this way: That oil that didn't go through the pipe line, that is, the fuel oil handled by the Union Company did not go through the pipe line, if that
611 did go through the transportation line, then from the proceeds of that sale a division is made by which an allowance is made in favor of the oil that would go through?

612 A. When the Union Oil Company joined the agency this was the situation: They had their fields in Southern California and on the coast, they were in the coast and Southern California fields; they had pipe lines out of those fields to Tidewater, and this scheme was proposed to build our line in the valley and have oil transported over that line; the agency was to pay $2\frac{1}{2}$ cents for the oil which the agency moved out of the Fullerton country to San Pedro and to Tidewater, it was 10 cents for the oil moved from Salt Lake, from Los Angeles $7\frac{1}{2}$ cents; from the coast fields to Tidewater, and Avila and out of Santa Maria, 10 cents. At the end of the month the oil was run to the agency, we will say there was 2,000,000 barrels of oil run to the agency, and 1,000,000 barrels of oil that has been produced on the coast and on the southern fields and a million barrels has been produced in the valley. We will show that the sales for that month were 1,800,000 barrels, for the coast and the valley oil participating in those sales proportionately. Now, as the actual oil produced in the valley which goes to those sales, as that is 900,000 barrels, that is figuring out 900,000 barrels at $22\frac{1}{2}$ cents, if there are eight or nine hundred thousand barrels that goes from the coast and southern fields at 10 cents, that is figured at 10 cents or higher in the valley shipped out by cars is $2\frac{1}{2}$ cents. If those were shipped out, that is 100,000 barrels at $2\frac{1}{2}$ cents; and the average of all of that makes the rate which all of the producers of the agency pay. The Union Oil Company prior to the contract had its oil on the coast available to Tidewater within a short distance and more available to the market than the agency's oil in the valley. We put them all on a plane

and we come in and absorb part of the excessive cost of getting to Tidewater.

Q. I think that makes this plain. As to the railroads, as to shipping by railroads: Is there any sort of agreement in existence between the agency and any railroad company by which fuel oil is handled to the railroad at certain points and lighter oils taken?

613 A. Have we any such arrangement?

Q. Yes, has the agency any such arrangement?

A. No sir.

Q. In your opinion, the certainty of delivery is one of the most important facts economically in the sale of oil, and the pipe line is the only instrumentality so far developed in bringing it to Tidewater that would give you the necessary certainty, is that right? Or could it be carried by the railroads?

A. It wouldn't be possible to move all of the oil by railroads because their facilities are inadequate.

Q. Well, even if the facilities were sufficient to carry by rail do you not consider the pipe line economically advantageous over the railroad?

A. Well, I would say—

Q. (Intg.) As to the question of certainty alone?

A. As to certainty, I wouldn't say whether it would be, if the railroad is able to move all the oil produced in the valley to San Francisco points I don't see why that would not be just as certain as moving through a pipe line.

Q. So that then after all it comes down to the question of a cost of transportation?

A. It is a question that the railroads do not give you the service that you require in order to make that certainty.

Q. You think they couldn't give it to you?

A. It wouldn't be possible.

Q. Now, do you remember the occasion when the Standard said that the oil in the Coalinga fields was refractory and it wouldn't make any contracts in there?

A. Do I remember of it?

Q. When the Standard said that the oil in the Coalinga fields was refractory and they wouldn't make any new contracts in there? That did happen, didn't it?

A. Well, as I understood the question, it was largely an economical question. The Standard Oil Company was buying products from the east side of the field at Coalinga, produced a
614 good many thousand barrels, and it had constructed a pipe line out of that field; and there was a great deal of heavy oil that went through that pipe line and there was considerable lighter oil that went out and it had a tendency to reduce the capacity of that line; and also when the oil would be blended into that shape it would get up to Richmond and wouldn't be suitable for their refining purposes. I understand it was purely economical, and while I don't

know anything about it myself it looks reasonable to me that it was an economical question.

Q. Didn't the Standard go back in there a short time afterwards and buy that and offer new contracts for that?

Mr. Andrews: At what time?

Mr. Heney: I tried to fix the time.

The Witness: I think I understand.

Mr. Andrews: His question applies to a time three or four years ago.

The Witness: Yes sir.

Mr. Heney: It is in 1912. It was testified to here by somebody.

A. Yes sir. To the best of my knowledge the Standard has never been back in that field since.

Q. Didn't they relay those pipes there?

A. Not to the best of my knowledge.

Q. That was how long prior to the time that the arrangement was made for the building of the pipe line out to Port Hartford?

A. It was—well, it was immediately in advance of the time we made our 60 and 63-cent contract with the Associated Oil Company, which was a common contract, and before that contract had expired then we made our arrangement for the building of the pipe line out to Port Hartford.

615 Q. This 63-cent contract wasn't made in regard to Coalinga oil?

A. Yes sir, Coalinga and Kern River also.

Q. Wasn't there a time when the Associated went in there and was offered for only 19 cents a barrel, or was it right after the Standard had refused to renew any contracts in there?

A. It might be so, I am not entirely conversant with that.

Q. What is the capacity of the agency's lines at the present time—that is, transportation company's lines, the full capacity, I mean of the pipe lines of the transportation company at the present time?

A. Well, that would depend on the conditions under which it was operated.

Q. Taking it throughout the year.

A. If we had the oil so distributed so we could use all parts of the line we would have total capacity; if we had it all on at one time at one end of the line we would have a very much diminished capacity.

Q. Isn't it pretty well distributed?

A. No, that is the trouble. A few years ago our big increase in membership came in the Midway field.

Q. The double line from that in to the Junction would help out considerably then?

A. Adding another line to the Junction would help, yes.

Q. How far is that?

A. It is 30 miles, approximately.

Q. I understood you to say a while ago that you thought that the agency had supplied the things which these pipe line bills were aimed at, furnished the outlay for the producer which these bills were aimed to furnish. Is that the idea?

A. I think the agency arrangement does it to very much better advantage.

616 Q. In your opinion then the purpose aimed at by the pipe lines was a good one?

A. I might say that if this legislation had been proposed 6 years ago why there might be something to be gained by it or some hope of gaining something, but I can't see any reason for it now.

Q. Now what is the reason there isn't the same chance now?

A. Well, because of the fact, as I said before, the producer can reach the whole field, the whole market of the world through the agency and through the agency arrangement; he not only reaches San Francisco and Los Angeles, but every part of the world.

Q. But he has to tie himself up on a 7-year contract and let somebody else do his marketing for him, doesn't he?

A. It is true he ties himself up on a 7-year contract, but if the agency is good it is good for that period of time; and inasmuch as the agency has to go out and undertake under the contract to sell the oil that they handle for 3 or 4 or 5 years and it has no assurance that it is going to get the supply—that should be taken into consideration.

Q. The agency you think is the good instrument with which to prevent monopoly of our oil industry, don't you?

A. I should say it would be impossible to monopolize the oil industry with the agency in existence.

Q. Is there an option now out which if taken up by the Standard would put the Standard in the place as the marketing agency?

A. I do not see that that would effect any change in the agency member. I do not see if that Standard Oil Company would require the Union Oil Company how that can affect the agency member.

Q. Why not? Wouldn't the Standard then be the marketing agency for the agency?

617 A. That is all it would get, would be its 10 per cent, and the agency member should be willing to pay that.

Q. It wouldn't have any say on the control of the markets or how much should be kept in stock or what would be the limit of sales or anything of that sort by reason of being the market agent?

A. No sir.

Q. You don't think that the market agent's activities create a market or find new markets?

A. They do that?

Q. You don't think they do?

A. As I understand this contract, of course it is just my understanding of it from the study of it at all times, I believe that the position of the agencies are in the position that the member could go out and find the market and tell the agency we do not have to pay 10 per cent commission. That is always true, you couldn't get out of it. And that would be particularly true if the marketing agent was to lay down on the agency and not seek a new market or anything else.

Q. But suppose they didn't lay down to such an extent to make it perfectly obvious that was what they were doing?

A. The agency is going to be administered for somebody and he is going to get what is coming to him under the contract.

Q. What would you think is the maximum independent producers which would constitute the agency and efficient instrument of prevention of monopoly?

A. Prevention of monopoly?

Q. Yes.

A. Well, I should say that the agency in its present position is an efficient instrument in the prevention of monopoly.

Q. How many men, independent producers, could you take in and still remain that?

618 A. I do not think of any limit; only limit that might be put upon it, there may be a question as to the agency forms if it took in all the producers of the state of California and undertook to control them it might become a monopoly or some kind of a monopoly, if it ever got to that point.

Q. When would that point be reached?

A. I don't believe they will ever have them all.

Q. No?

A. But I believe the agency always affords an independent operator an opportunity to get his stock to market, his oil to market and sell it and get the market price for it.

Q. Are any of the independent operators who are members of the agency at the present time operating a loss?

A. Members of the independent agency?

Q. Yes.

A. As a matter of fact I think that very few operators in the State of California *this* operate at a loss inside or outside of the agency.

Q. Despite the fact that the agency is attempting to do this beneficial thing, bankruptcy for some of these operators is approached?

A. Yes, Mr. Heney, but don't you know that the law of supply and demand regulates any industry? And the oil business is no exception to that. We have had a surplus production in this.

Q. Yes, I know it does. Go ahead.

A. We have had over production running up to thirty or forty thousand barrels a day, at one time. When you speak about the return today, as far as that goes, at the time the agency entered into this marketing contract with the Union Oil Company the market was contracted; the agency had immediately to go out and endeavor to expand the market to take care of its products; it
619 went into the northwest and got the railroads up there to use oil, and it went into Chili and made every effort for the expansion of the market. Ultimately, if this thing is allowed to go along, and as soon as production and consumption are equalized then the returns are going to get better for everybody, everyone will make money; but when you go out and produce a commodity to the amount of four or five times the amount of its consumption you can't expect it to be profitable.

Q. You seem to misapprehend the purpose of my questions. I

am not finding fault with the agency. You said you think that the agency meets all of the requirements of the situation. If half of the members of the agency go into bankruptcy and the Standard Oil Company buys them out then are the purposes of the agency going to be an effective means of preventing monopoly of the oil industry of California?

A. Yet I cannot see if the Standard Oil Company was to buy up a number of companies that you expect, and if it bought 90 per cent of the companies or 80 per cent, I can't see that it buys or that it implies the agency, it couldn't get control of the agency; and when the Standard Oil Company operates that company it would be subject to the agency, the agency would dominate the Standard so far as that particular production was concerned. We have the right to terminate the stockholders of any company, the stockholdership of any company in this organization at any time, and if the Standard Oil Company were to come in and take any company in the agency the certificate of stock could be terminated by us, we could terminate that stockholdership any time we pleased, and I maintain that the Standard Oil Company couldn't come and actually control the agency.

Q. I didn't have in mind that the Standard Oil Company after getting these companies would want to go into the agency; it is possibly to obtain a product for gasoline and the by-products. My point was that it would gain the ownership of a sufficiently
620 large percentage of the oil fields to be in a controlling position.

A. I don't know of any regulation or any agency that might be established that would prevent the Standard Oil Company from getting that property if it paid the money for it.

Q. At the present time who is there to buy oil from independent oil operators if he does not go into the agency?

A. Right at the present time every one that is a purchaser of oil has got more than he can handle himself so there is no reason why he should go out and buy oil there. There is a condition of overproduction.

Q. What is this great overproduction, what does it amount to?

A. It has been as high as 30 to 40,000 barrels a day.

Q. As a matter of fact it doesn't average over 2000 barrels a day now?

A. Yes, away in excess of it.

Q. Have you the statistics there. By the way, do you know whether those statistics include the oil being stored by the Southern Pacific and the Santa Fe in view of the fact of the unusual amount of oil that they will want to use during the exposition year in hauling people?

A. How much storage capacity has the Southern Pacific and Santa Fe?

Q. I don't know.

A. They haven't enough to last over 60 days.

Q. You heard that testimony. Isn't it a fact that there isn't

enough oil stored today to last over 134 days on the present consumption?

A. I think that is about the statement of fact.

Q. And with the commodity like oil where contracts have to be made for 5 years in advance do you think that is a terribly great over-production?

621 A. Yes. That isn't the thing. They ship 48 or 50,000,000 barrels of stocks in this state today and you see that isn't much of a guarantee against the sales of oil on the contracts which are out; but when you go on the field and you can see that stimulation and development of the work—and it is only to a slight degree, you will see that the daily production is a great deal more than the consumption at the present time, you have got to take into consideration the stocks when you are considering the insurance or guarantee against the stock, and you have got to take the productivity of the land and the available land for that purpose, you have got to take that into consideration.

Mr. Andrews: Does it cost anything to store oil?

A. I know one thing: As a producer I wouldn't want to store any oil over any long period of time; it is very costly matter, very costly.

Mr. Heney: I think I have covered all that your Honor cares to go into.

Redirect examination:

Mr. Andrews: One or two things that I would like to refer to. In case the Producers Transportation Company was required to take from the Associated Oil Company or from the Standard Oil Company twenty or thirty or forty thousand barrels of oil per day what effect would that have on the agency and the agency members?

A. It would have the effect of making us immediately liable under the contracts which we have under it with the consumers.

Q. How would it affect the deliveries of your oil on your contracts?

622 A. It would shorten these deliveries to a tremendous extent, we wouldn't be able to comply with the terms of our contract.

Q. Is there anybody in the San Joaquin Valley, any oil producers that are at all likely to tender oil for transportation through the Producers Transportation Company other than the big marketing companies such as I have mentioned?

A. I don't think so with the one possible exception of the Monte Cristo, and as I said we couldn't handle that because we can't move that oil out of the Kern River district by pipe line.

Q. Because it is so heavy?

A. Because it is so heavy, and we have made an absolute failure. We made a very sincere attempt to move it out by pipe line and we absolutely failed in doing it. We have to depend on car shipments to handle that oil.

Mr. Andrews: Mr. Heney, if it is objectionable, I would request

that you let us have the list of the members of the association that you represent that we may present them to Mr. St. Clair at this time to ascertain whether those people have the opportunity to come into the agency.

Mr. Heney: What is the point in that, whether they have had the opportunity to come into the agency or not? Must they do business as Mr. St. Clair and you want them to or not do it at all? Is that the idea?

Mr. Andrews: I think it is pertinent to ascertain who the parties are that are appearing in this hearing and what their situation is, what opportunities they have and have had and how they have been treated.

Commissioner Edgerton: This inquiry has taken rather a wide range. My view of it was that it might come under Section 5
623 of the act that we are proceeding under: (Reading). I didn't know whether the companies would urge that that came under that provision, and that there was no public need of it.

Mr. Andrews: That is part of it.

Commissioner Edgerton: In view of that it would be relevant to show there is a public need; but it seems to me that, Mr. St. Clair having outlined the conditions under which anybody could join the agency, that Mr. Heney admits that his plans are within those provisions and could have joined, that there is no necessity to go into it.

Mr. Heney: Of course, they could have joined; some of them belong, I think. I think that Mr. Pellaty belongs.

Commissioner Edgerton: In other words, Mr. Heney, you have maintained that if your clients met the conditions that Mr. St. Clair has outlined they should have joined?

Mr. Heney: Yes. At this time my clients are not complaining against the agency. We cannot discriminate between the agency pipe line and the others; if we could, we wouldn't care anything about it, wouldn't care anything about the agency pipe lines because it does not get us where we want to go.

Mr. Toland: I think that the weight of testimony is always before this Commission as it is before any other tribunal, and who it is that is creating a public need that calls for this interrogation of witnesses, that is a matter pertinent to know. We can get the list of the people that this pipe line serves and those who want service and can't get it, they ought to be able to stand out in line and explain themselves.

Commissioner Edgerton: I have no objections. Mr. Heney said he was willing to furnish the list.

Mr. Heney: If your Honor please, the legislature of the State of California unanimously passed this law, and everybody in the state has the duty to obey the law and everybody has the right to see that the law is enforced, as they do of every other law; but I don't
624 know that there is any member of this association who has any objection to the fact being known, I don't think there is. There are only about eight or ten of them who have come in so far.

A Voice from the Floor: About 15. Some of them have objec-

jections. They do not want the Standard Oil Company to know about it. They asked me not to give their names.

Commissioner Edgerton: We do not want to go into all the matters that are stated here. Proceed, Mr. Andrews.

Mr. Andrews: In regard to the statement about Mr. Spellacy: you were about to make some statement.

A. I was about to reply to Mr. Heney's statement that Mr. Spellacy had had some difficulty in selling oil; Mr. Spellacy, as he says, is a member of the agency with a part of his products. Mr. Spellacy has another property in the Midway oil fields which was affected by the Standard's rule. Mr. Spellacy was one of the three that did not avail himself of the opportunity to come into the agency, and when asked why he said he didn't want to tie up his property and he was dissatisfied furthermore with the price. Later on we asked him or solicited him to become a member of the agency, and he said no that he wouldn't sign that 7-year contract. I said: "If we can arrange a method whereby your oil can be handled by the agency and through the agency without signing that 7-year contract would it be satisfactory?" He said: "What do you suggest?" I said: "We will let the Union Oil Company buy your oil for any period of time that you suggest, 6 months or a year or 2 years and pay you therefor the average." I told him that we would pay him the average price received by the members monthly; and he agreed to that; and when he came around to sign the contract Mr. Spellacy would not take the agency price which he expected to be 36 or 37 cents, and insisted his contract stated 34- $\frac{1}{2}$ cents.

Mr. Heney: You were there, were you?

625

A. No, I know the transaction.

Mr. Heney: Well, I think it is about time this stop. We cannot produce here Mr. Spellacy to contradict some hearsay stuff.

Commissioner Edgerton: I do not believe it is relevant anyway. It seems to me that the question of public need would have to be determined on some other basis.

Mr. Andrews: Each contract stands by itself and the sum total of them results in a public need, taking them one at a time and taking the aggregation, the results are the public desires and public necessities.

Commissioner Edgerton: Go ahead.

Mr. Andrews: I think that is all.

(Thereupon a recess of 5 minutes was taken).

(After Recess.)

Commissioner Edgerton: The Commission will come to order. Have you another witness, Mr. Andrews?

Mr. Andrews: I would like to ask Mr. Gregg to make a statement and it may save some record and also save us some presenting the balance of the record of the Marac case.

Mr. Heney: Before that is done I would like to ask Mr. St. Clair some questions on just one line.

Commissioner Edgerton: All right, you may ask him.

L. P. ST. CLAIR, recalled.

Recross-examination:

Mr. Heney: You went into this before in this hearing and I asked you questions about it. Do you know about what percentage of the production is being handled by the Standard Oil Company now?

A. I couldn't say off-hand, Mr. Heney. I could by refreshing my memory.

Q. About 34 per cent, isn't it?

626 A. I think about 34 per cent.

Q. By the Associated Company it is said to be about 22 per cent?

A. I think a little less than that, about 20.

Q. And the agency about how much?

A. 22.

Q. Well now, the Associated is handling a large part of those products on leases, is it not?

A. The Associated?

Q. Yes, the Associated Oil Company.

A. On leases?

Q. Yes.

A. I think not.

Q. And purchases from lessees?

A. I think not. I think a very small part of their product is produced on leased land or derived from lessees.

Q. The Standard, with them all but 4 per cent of the production is upon leases, on contracts with producers?

A. I haven't looked into it lately, but I would say it possibly has changed in recent months and I think they are producing more themselves now. I would say they were producing quite a percentage of their own oil.

Q. You couldn't give us any approximation as to the amount?

A. I could hardly do that as between their purchases and production.

Q. Do you know whether the Standard gave out a report of its profits in California in the oil business for last year, and how much it was?

A. I don't know, no sir.

Q. Don't you recollect seeing it was \$8,000,000 profit last year in California business?

A. No sir.

627 Q. Do you remember whether the Associated Oil Company paid dividends last year?

A. I rather believe they paid dividends.

Q. Do you know whether they made money last year?

A. I have no means of knowing, Mr. Heney.

Q. You haven't read their reports?

A. No.

Q. At the time—did the Union pay dividends last year?

A. I have no means of knowing those things.

Q. Well, did the Producers Transportation Company pay profits last year, pipe line company, dividends this year?

A. The Producers Transportation Company commenced to pay a 6 per cent dividend in April of this year.

Q. Did it make \$1,100,000 net last year?

A. I don't think so.

Q. Are you familiar with this report (indicating)?

A. I am.

Q. Doesn't that say so?

A. It says so, but I submit that a bookkeeper that would look at that statement would say they didn't make it.

Q. This was signed by L. P. St. Clair president and W. M. Stewart, general manager?

A. I know it; and that does not mean *thything*; when you set up a form it gives the various items there, but does not mean that it makes money.

Q. This was an authorized statement sent out to the stockholders signed by you as president?

A. Yes sir.

Q. Well, it speaks for itself. Isn't it a fact that every oil company in the state of California made large profits last year?

A. I have no means of knowing.

Q. You know as a matter of fact that every big corporation that owned a pipe line made money in the oil business last year?

A. I didn't catch your question.

Q. Well, it was practically the same question in a little different language. I asked if you didn't know that every oil company that owned a pipe line in the state of California made money in the oil business last year?

A. I do not think it is possible to determine whether a pipe line makes money. I think a pipe line is just the same as a corporation engaged in the production of oil, and until they have their capital investment back they cannot say they have made any money.

Q. That is true of every business, is it?

A. Yes sir, more so with the oil business because it is a hazardous business and your earnings are likely—

Q. (Intg.) Any more hazardous than a haberdashery business whose stock of goods goes out of style in a year?

A. I should think so. You can anticipate those things; you can't do it in the oil business.

Q. Can't you have a fund for depreciation to take care of it in the oil business, pipe line business?

A. I say that is quite necessary; and I say furthermore that any oil company or any pipe line company that fails to provide for that fund and to provide very liberally is not certain of what his profits are, it can't be certain of what they are.

Mr. Heney: I think that is all.

Redirect examination:

Mr. Andrews: What would be the earning power of the pipe line if the production fails—that is, how much would it be cut, would it be cut in two or divided in small fractions?

A. I should say its profits would be cut 70 or 75 per cent.

Q. And isn't it the ultimate result that that will happen?

629 A. I do not think, Mr. Andrews, anybody can answer that.

All we can do is to judge by experience; now, we do know, all those that the member, that the first line that was built out of the San Joaquin Valley by the Standard Oil Company, that the greater portion of that line was relaid within 3 years, after it was installed. You understand the line traversed a section of
630 country highly impregnated with alkali, and while they had made every effort to protect that pipe line from that influence as a matter of fact the line they laid was pretty nearly entirely relaid in three years; sections were taken out and new line put in.

Mr. Heney: That was due to the fact that they wrapped it with tar paper which attracted moisture, they made a blunder of it?

A. I would not say that was so, exactly.

Mr. Heney: That was a fact?

A. I wouldn't say that was so exactly.

Mr. Andrews: Do you know of any pipe lines that have been constructed in this state that haven't earned enough to pay for themselves?

A. I know that there is a couple of lines over on the coast that have been laid that haven't earned enough to pay for themselves, enough to pay for the investment.

Q. Are they being used?

A. Not used at the present time, to the best of my knowledge.

Q. Why not?

A. Because their production declined, went to pieces.

Q. No oil shipped through them?

A. There may be a small quantity of oil go through them, I don't know. I think not, however.

Mr. Heney: What lines are those?

Mr. Andrews: Then the value of the pipe line is dependent very largely upon the production of the oil?

A. Yes, I should say almost entirely dependent upon that.

Mr. Heney: What two lines are you speaking of?

A. I am speaking particularly of the Graciosa line.

Q. Who built that?

A. Built by the Graciosa Oil Company.

Q. Built for the purpose of transporting its own oil?

A. Yes sir, to tidewater.

631 Q. How far away from tidewater?

A. I think 30 or 40 miles. I don't know the exact distance.

Q. When was it built?

A. It was built in the early '90's, 1894 or 1895.

Q. Was there any oil—to what extent was that oil field developed at that time?

A. They thought it was quite fully developed, that is, that the permanency of the field was fully established; they had a nice big production, and the Graciosa people went over to Japan and undertook a contract there with the Japanese, with some Japanese steamship line, to supply them with their requirements; and their production went down so that they did not have oil enough to supply that contract; and they afterwards made some arrangement with the Associated for taking care of the contract.

Q. What was the other one?

A. I have forgotten the other one. I thought there were two there. One of them I can't recall.

Mr. Heney: That is all.

Mr. Toland: Is the line to Monterey operated?

A. Oh, yes sir.

Mr. Andrews: At the terminus of Producers Transportation Company line, how much of a place is Avila?

A. How much of a place is Avila?

Q. Yes.

A. In regard to what? Size of the town?

Q. How large a town, what is the population of it?

A. I should judge 50 or 60 inhabitants.

Mr. Andrews: That is all.

Mr. Heney: Did that testimony go in, Mr. Commissioner, in regard to the ownership of the Producers Transportation Company line?

Commissioner Edgerton: I think it did at the first hearing
632 of this matter, did it not, that it all belongs to the Union?

Mr. Andrews: That isn't the case.

Mr. Heney: Nine fourteenths, isn't it, of the stock of the Producers Transportation Company that is owned by the Union Oil Company?

The Witness: That was established at the first hearing of the case.

Mr. Heney: That testimony went in?

A. Yes sir.

Mr. Heney: That testimony may be considered in here?

Mr. Toland: Yes sir.

Mr. Andrews: I understood the Commissioner to say that all that testimony would be considered.

Commissioner Edgerton: Yes sir.

Mr. Heney: That was my understanding, but I wasn't sure. That is all.

Mr. Gregg: There has been introduced in evidence here the complaint and decree and condemnation, being Exhibit No. 1 in this case, of Producers Transportation Company against Marae. There

is an explanation with regard to that suit which I as one of the attorneys in the case would like to make and have it appear in the record of this proceeding, if satisfactory.

The action was brought in September of 1909 and there was an answer filed, and the particular defense in the action was that the Producers Transportation Company was not a public utility or not a common carrier and was not authorized under its articles of incorporation to become such, and was not to engage in the business as a public utility.

That case was set for trial, and the day it was to be tried there was a motion for continuance made upon the ground that the defendants wanted to produce certain evidence for the purpose of showing that we were not engaged in the public service; and after considerable argument, the case went over to the next day; and that night the parties made an agreement, made a settlement.

633 At that time, what we called the pipe line gang or the men laying the pipe line were approaching the Marea property, and one of the defendants was the administrator of the estate and could not convey the right of way and it was necessary to obtain the right of way at once in order to proceed with the construction of the line; and the contract was made whereby they agreed to convey us the right of way if we so desired, and they agreed we could go in this and the form of condemnation should be entered and an agreement that the amount paid for the rights in order to save the necessity of waiting until the rights could be obtained from the sale and proceedings entailed thereby.

Commissioner Edgerton: At all times in these proceedings you urged the right of this company, its right to condemn? I am speaking as to your conference and as to what you always claimed?

Mr. Gregg: No. That matter came up before the court and we asked for a continuance for some time. You see our pipe line gang was then working right less than a half a mile of this property; but that night after adjournment the parties got together and the next day the parties met and agreed upon a settlement, quickly and agreed to convey us a right of way for a sum of money which was \$1000, I think; but they were not in a position to convey the right of way because the defendant was an administrator of an estate in probate.

Commissioner Edgerton: Yes, but you did in negotiating for a compromise concede you had no right to condemn?

Mr. Gregg: The matter wasn't discussed at all.

Commissioner Edgerton: No, I know that you are not in anywise diminishing whatever from the effect of the declaration made. I may be wrong, but it appears that you went into a compromise conference and the compromise resulted. I am asking you if in the compromise you conceded that you didn't have the right to condemn?

Mr. Gregg: That wasn't mentioned.

Commissioner Edgerton: Would it be your position that you held a right to condemn.

634 Mr. Gregg: I wanted you to understand the facts about it. This is simply a matter: Nobody has ever been able to obtain a right of way until some kind of a litigation with these Mareas. We laid down pipe lines in there, the different companies, but when it came up at the time of trial they came and made a proposition for a settlement and we settled. After that settlement was made one of the devisees who was a minor and couldn't execute a right of way; it was then stipulated that we would have a decree of condemnation entered for the agreed amount, which was done; and then after that time the pipe line was not laid upon the right of way which was obtained in the condemnation suit but was laid in the neighborhood thereof; and an agreement was entered into whereby a strip of land of a different width and character would be conveyed at the proper time for a right of way. So that the greater portion of the right of way included in the condemnation proceeding, the pipe line is not on that; it follows the general line of the old right of way.

E. W. CLARK, a witness called in behalf of the Producers Transportation Company, being duly sworn, testified as follows:

Direct examination:

Mr. Gregg: You are the manager of the Producers Transportation Company?

A. I am.

Q. How long have you been manager of the Producers Transportation Company?

A. Two years and nine months.

Q. Who has charge of the operation of the pipe line of the Producers Transportation Company?

A. I do.

Q. You have?

A. Yes sir.

Q. What facilities have the company for transportation of oil in the pipe line? Referring now to lines and pumping
635 stations?

A. 17 pumping stations; ordinarily at each station two tanks; pumping points and some district stations we have four and six tanks, seven tanks at places.

Q. How many tanks—what is the capacity of these tanks?

A. Some of them 37,000.

Q. Barrels?

A. Barrels; and some of them 55,000 barrels.

Q. Where is the terminus of the line?

A. At Avila.

Q. What facilities have you at Avila, what facilities has the Company?

A. We have 2 55,000-barrel tanks.

Q. Now, at the present time is the whole pipe line system being used for the transportation of oil?

- A. It is not.
- Q. What portion of it is not being used?
- A. From Kern River to McKittrick is idle.
- Q. How long has it been idle?
- A. I can't say exactly; probably a year and a half, for a long time—for some time previous to that.
- Q. Why has this portion of the pipe line remained idle?
- A. We are not prepared to move the heavy Kern River oil, the oil produced in the Kern River fields.
- Q. Now, what is the lowest gravity of oil which you are transporting through the pipe line?
- A. Approximately 15 gravity, 15.3 or 15.5, along in that gravity.
- Q. What is the average gravity?
- A. The average gravity?
- Q. Yes.
- A. It is about 16.
- 636 Q. What is the normal capacity of that portion of the pipe line running from Coalinga to Junction?
- A. About 15—you mean the pipe line or its equipment?
- Q. The pipe line and equipment for the transportation of oil.
- A. About 15,000 barrels of oil daily.
- Q. What is the capacity, normal capacity of the line extending from McKittrick to Junction Station?
- A. About 20,000 barrels daily.
- Q. What is the normal capacity of the lines extending from Junction to Port San Luis?
- A. You mean taking the pipe line and its equipment?
- Q. And the equipment as now.
- A. 30,000 barrels a day.
- Q. Does the capacity vary at any times?
- A. Varies a great deal.
- Q. What are the causes of the variance?
- A. The greatest cause of variance is rainfall, water along the line.
- Q. What effect has that upon the capacity of the pipe line?
- A. It reduces the capacity of the line by slowing down the movement of oil through the line—in other words, reducing its velocity, cools it off.
- Q. What is done with the oil at these stations before it is pumped into the lines for transportation?
- A. You mean the initial station?
- Q. Yes, or from station to station.
- A. The ordinary operation is that the oil is moved to suction line.
- Q. I mean to say, from the pumping stations through the line, what is done with regard to heating the oil?
- A. That is just what I was going to say. At the initial station it is moved from the tanks through the suction and on to
- 637 the heaters; there the temperature of the oil is raised to whatever it can be or whatever we consider is necessary, as the case demands; from the heater passes through to the suction

pump; from there through the pumps into the discharge lines and through the agency line to the next station. At the succeeding station frequently the oil instead of going into the tanks goes into the suction; and when the suction is relieved in case a preceding station pumps too much oil it goes in the tank; and is sometimes drawn in; and we keep the pumps to their full capacity.

Q. In order to operate the pipe line to its full capacity does oil of this character get lighter and heavier in transportation at different seasons of the year?

A. Yes.

Q. How much does that vary?

A. There are times at district points that we keep light oil separate and whenever an opportunity offers to put a sufficient block of that oil through the line we put it through; and we leave it along at stations to have for use in cold and wet weather.

Q. How do you use it in cold and wet weather?

A. We usually pump alternate hours or two hours on say 15 gravity and 19 or 20 gravity, whatever the light oil may be.

Q. When you pump alternate hours, when the oil reaches the next station, do you run it in separate tanks?

A. We do not.

Q. Discharge it into the same tank?

A. All goes into the fuel.

Q. During the summer season and perhaps referring to the present summer—have you made a point to move any oil of any particular gravity in preference to other oil?

A. I have.

Q. What gravity?

637½ A. The lowest we had.

Q. What have you put into your tanks?

A. Light oil.

Q. Why?

A. To have it to use in cold weather.

Q. Is this all agency oil?

A. As far as I know, it is; we received oil from the agency.

Q. And did the operation of the pipe line, do you keep a separate track of this oil which you mix with the light oil—with the heavy oil for the purpose of decreasing the viscosity?

A. Do we keep separate?

Q. Yes.

A. We do not.

Q. It all moves through together?

A. It is all in the one pot.

Q. Is the oil heated along at points as it is at the initial point?

A. Certainly; at every station it passes through heaters.

Q. Is it necessary to use it at greater temperature at any season of the year over other seasons?

A. Certainly; The lower the atmospheric temperature the higher you must get your liquid, the higher temperature you must have for your liquid.

Q. Is there anything in regard to the condition of the land or the soil being wet or dry through which the pipe line runs that would in any way affect the temperature?

A. Most assuredly. Whenever the ground is wet around the line it reduces the temperature and you must have the temperature at stations higher; you want to maintain as high a temperature at your delivery point as possible.

Q. At the present time are you operating the pipe line to its normal capacity?

A. We are.

638 Q. And whose oil are you handling?

A. Independent producers agency.

Q. What would you consider the difference in the capacity of the pipe line in the hot summer months and the winter months? Do you know what the difference is?

A. There are so many elements entering into that which makes it a real difficult question to answer. I might say that during the months of January three years ago we were at that time moving 152 barrels an hour through the line, which is a little over 33,600 barrels a day; did so for quite a period of time, I should say from two to three weeks.

Q. Is that a condition which you often encounter in the winter time?

A. We encounter it frequently whenever we would have light oil to put in the line to loose it up.

Q. You spoke of different conditions; what else is there which affects the capacity of the line?

A. Well, the gravity of the oil has a great deal to do with it. Assume a difference of one degree in gravity and that will effect the velocity of the oil throughout the line. The atmospheric temperature, take oils of the same gravity, some are very viscous, very sticky; some move back freely and others do not. I have never made any test myself but I have heard that some oil in viscosity ran as high as 6 to 1 gravity.

Mr. Gregg: That is all.

Cross-examination:

Mr. Heney: This 6 to 1, you mean in quality of sticking to the pipes?

A. Sticking to the pipe, absolutely refusing to roll along.

639 Q. And do you find that same difference in different gravities of oil or is that difference confined to one gravity of oil?

A. Not to one gravity. Of course, that applies only to the lower gravities.

Q. Below what?

A. Well, below 15.

Q. Only below 15?

A. Possibly to a wide extent on gravity of oil ranging from 15 to 16, that might also apply there.

Q. After you get above that?

A. It is not so noticeable.

Q. Not so noticeable?

A. No.

Q. About what gravity would you have of oil when you run into the pipes, what would you call a standard, if you have any?

A. The average that we pump through?

Q. Yes.

A. As I replied to Mr. Gregg, I should say the average was very close to 16.

Q. I mean at the time it was being pumped.

A. When heated?

Q. Yes.

A. That varies according to the necessities of the case and also as to the heating facilities you have at your station. For instance: Sometimes you are operating on what we call a crank and fly-wheel pump, that is a pump that has very little exhaust, unable to get very little exhaust of the steam with which to heat your oil that passes through the heaters. At other times you are operating a straight line pump that admits a very great amount of exhaust of the steam; whenever you have that you can heat your oil to a higher temperature than you can with the crank and fly-wheel pump.

Q. And the higher the temperature the easier it runs?

640 A. Certainly.

Q. How many degrees of temperature does it take to make an additional degree of gravity in the oil?

A. I understand that that is figured at 20 by the table.

Q. And while you are putting your oil through the pipe aren't all gravities run through at the same density—that is, when they are being run through aren't they all the same gravity?

A. I don't know that I get your question, the meaning of it.

Q. If you had to put through some 14 and some 15 and some 16 and some 18 wouldn't you heat them so that all of them would be exactly the same gravity while going through?

A. I don't think we have any cases of that kind because we do not pump 14 and 15 and 16 separately, it all goes into our tanks at district stations and is all mixed in there when it comes out and is all one gravity.

Q. Say you put through some high gravity for the Union Oil Company that you attempt to keep separate?

A. We do.

Q. When you are putting that through don't you push your oil behind it?

A. Most assuredly, you have got to put the oil behind it to get it going.

Q. In other words, you do not exhaust the pipe and have nothing in there but allow it to keep pushing on behind it?

A. Certainly.

Q. You put a heavier oil in behind it?

A. Yes sir.

Q. To what extent does that heavier oil mix with the oil ahead?

641 A. To no great extent; but that is a very hard question to answer. In 30 gravity oil through the line it will show a run all the way, and when you are shoving it ahead with heavy oil you will notice your gravity drop, 29, 28, 27, 26, 25, 24, and on all down until you get down to the gravity of oil you are running, that you are doing the shoving with; and I should say that there are hardly any two cases alike in the amount that is contaminated in that way. Sometimes it is a few hundred barrels and sometimes it is apparently more.

Q. It is partly due to the fact that you mix it in the tanks, isn't it, at the stations?

A. No, I think not, because you understand more oil passes through the line; there is a great many fittings, a great many valves, a great many little corners in and around the pumps and around the boxes, and of course there is oil collects in there like the oil we are pumping.

Q. Yes sir.

A. And the heavier oil comes in behind it and it will assimilate some of it and mix with it and go ahead; but if it could be put straight through in a straight line without any fittings there would be very little mixing; but in going around through the suction lines from 8 to 12-inch lines and around through the pump valves and so forth there is no question in the world but what you must get the oil through with some contamination, and that all depends on the amount of contamination and very largely depends upon the human animal you have attending those matters, those gates and valves at your stations.

Q. This heavier oil you put it through with, do you raise that to a temperature where it is practically the same gravity while going through the pipes as the oil ahead of it?

A. No, we do not operate that way.

If we put say 30 gravity of oil—you understand the oil is cool.

642 Q. Cool?

A. Yes sir. We would heat that class of oil; and in operating a pipe line you must be very careful about contraction and expansion of your metals, you have got to know how to do it or you will have breaks and lose oil and have lots of trouble. For instance, while you are pumping oil, if you will pump cold oil you have to, in pumping hot oil cool that down gradually with something and you can't cool it off with low gravity oil; you have to pump something through that very slowly in order that your contracting metal when it goes won't throw your line apart, won't give you serious trouble because of serious loss. After you have your line cooled down you must do the same by heating it up; you can't put cool oil say of 60 or 80 or 90 degrees temperature, as the atmosphere may happen to be over in the valley at that time, through your line and then come in with a slug of hot oil behind it with the temperature up to 160, you can't do that, because that will give you more trouble.

Q. What is the loss of the gravity—what is the lowest gravity you pump through cold?

A. That would depend on the atmospheric temperature and the conditions of the line, the conditions of the weather along the line, conditions of the soil, whether wet or dry. I say at this time of the year you could take it from 18 to 19 gravity, safely through the line; you might reduce your speed somewhat, might reduce the capacity of your line.

Q. You spoke of capacity of lines awhile ago and I notice you were particular to put in the word "equipment" also?

A. Certainly I was, yes sir.

Q. In other words, those pipe lines are capable of being developed to a daily capacity by equipment, I take it, from that statement. Is that right?

A. Well, yes, that is true. They can be. It depends, of course, on the local stations, the distance between stations and the elevation that you are forced to raise your oil between station-. In practical operation of a pipe line, 8 inch pipe line, we never exceed 800 pounds pressure.

Q. I am referring particularly to pipe line there.

A. Yes sir.

Q. It could be increased in capacity by additional equipment?

A. In some places, and some places additional equipment would not help much.

Q. What would you figure to be the highest capacity of the line which could be developed?

A. 40,000 barrels.

Q. A day?

A. Yes sir.

Q. I am speaking now of practical operation.

A. Yes. Of course, we do not mean for one run, but the average throughout the year.

A. Yes, 40,000 barrels.

Mr. Gregg: Is that an average for the year?

A. With the additional equipment, yes sir 40,000 barrels a year. I should say, that is if you had the light oil on hand to keep your velocity up at all times.

Q. You would have to have light oil on hand at all times to keep up the pipe line to the greatest efficiency?

A. Yes sir.

Q. Have improvement at pumping stations?

A. Yes sir.

Q. You would have to be allowed to mix heavy and light oil for that purpose?

A. Most assuredly.

Q. Could you get that efficiency if you were compelled to keep your batches of oil separate, heavy and light oil separate in moving through the pipe line?

A. No. Just as I stated to you before for three weeks I think we moved over 3,600 barrels a day; that was two years ago last winter. That was on account of the rainy weather.

Q. Did you have any light oil on hand to mix?

A. We did not.

Mr. Heney: In your opinion is not the pipe line the most efficient when you have business for transporting oil for long distances? That is this development?

A. Most assuredly.

Q. And the oil market is classified into several different classes, is it not, for marketing purposes? Do you know as to that?

A. I do not.

Q. That is outside of your line?

A. Yes sir.

Q. Do you issue run certificates on the line there?

A. Issue run certificates to producers?

Q. Yes.

A. Yes, that is what they call a run ticket.

Q. Yes.

A. Our gaugers issue those to the producers.

Q. That shows quantity or does it show gravity?

A. Shows gravity, quantity and temperature. Shows the top gauge in the tank, the short gauge and the gravity and the temperature of the oil.

Mr. Heney: I think that is all.

Commissioner Edgerton: You do send oil through that pipe line for the Union Oil Company separately from other oil?

A. So far as we send oil through there that goes to the Union Company Refinery.

Q. It is kept separate from the other oils?

A. As far as possible, yes sir.

645 Q. Is a record kept of such shipments?

A. Certainly.

Q. Is it kept by way of the quantity and given kind of an oil that goes through?

A. Given gravity?

Q. Yes.

A. Yes, we keep that as far as possible.

Q. I am asking about the statement that is made, wherever it is made.

A. No, there is no particular statement of that kind of oil. As far as we are concerned it is so much oil that moves through the line.

Q. A record wouldn't be made of that?

A. Just our ordinary pipe line record of daily movement of oil.

Q. It would just be a movement of oil kept separate?

A. Well, we would have say 50,000 barrels of oil, we seldom have to move a less quantity in one block and make any attempt to keep it separate. That would be in a special tank at a special station; our gaugers would gauge that tank and would turn in their report about it.

Q. By gauging you mean testing it?

A. Yes, we take the gravity of the oil and its temperature and also the number of feet of oil, what we call gauging, measuring the number of feet of oil in a tank that has a certain dimension, and those dimensions are figured out in a table to show each interval of the tank, how many barrels are in there; the gauger measures the number of feet and inches in that tank which is indicated on the table and the number of barrels that that tank contains when we start pumping.

Q. Let me understand: When one of these shipments of Union Oil Company oil goes through a record is taken at each station as it passes through that station?

646 A. No sir.

Q. Then I do not understand what you mean.

A. I am speaking of the initial station.

Q. A record is taken at the initial station and then at the delivering station?

A. At the delivering stations.

Q. At intermediate stations they make no records?

A. No records.

Q. At the initial station is the gravity determined?

A. Yes sir.

Q. And at the delivering station is the gravity determined?

A. Yes sir.

Q. So by a comparison of those two could it be determined how much intermingling there had been with some other oil?

A. Yes sir.

Q. Can we have some of those records?

A. You can.

Commissioner Edgerton: Mr. Andrews, will you see that we do?
Mr. Andrews: Yes sir.

Mr. Heney: You take the temperature at the initial point?

A. Yes sir.

Q. At those you call 60 normal?

A. Yes sir.

Q. So in taking the temperature and the gravity—I want the Commissioner to understand—you figure the gravity on the normal temperature at 60 so that if it is 80 that would cut off some from the normal gravity of the oil, is that right?

A. Yes sir.

Commissioner Edgerton: Well, in examining these records it is your opinion that that would give a fair idea of any mixture that might occur?

A. No, would not.

Q. Just what will they tell us?

647 A. If we turn into a tank 30 gravity oil of the Union Oil Company that tank is turned on and started, it moves through our line, and the terminal station is notified; we figure the speed of the oil through the line and notify them to expect that oil at a certain hour; they keep watch of it and when that oil shows, say 27 gravity at his station or 26, he is instructed to turn it into a separate

tank; the same way if the 30 gravity oil is pumped out of the tank at the initial station, he is notified that when that gravity of oil is down to 23 or 24 to close that tank with that special high gravity oil in it and turn it into the fuel, so that whatever mixture occurs in the line goes in with the ordinary fuel of the line.

648 Q. Exactly.

A. We keep only the oil at high gravity, oil separate at the destination; and whatever mixture there may be in the line we turn in the fuel and let it go.

Mr. Heney: It will show the loss?

Commissioner Edgerton: Exactly.

The Witness: Certainly will show the loss.

Commissioner Edgerton: And the loss because of the mixture.

Mr. Andrews: And the loss goes into the fuel.

Commissioner Edgerton: And it would be true there would be some indication of the amount of loss that occurred?

A. Yes sir, and the dropping in this gravity in this oil to its destination.

Commissioner Edgerton: Caused by what?

A. Caused by what it might pick up in the line and other elements that might pass off in going through the line.

Commissioner Edgerton: Assuming measurement of the oil at the original tank, or the measurement of that oil at the receiving tank or delivery tank, whatever it is called: does not the difference between those two quantities indicate the amount of oil that had mixed with a lower gravity of oil and for that reason turned into fuel?

A. Yes sir, with one addition.

Commissioner Edgerton: Give us that.

A. We start 30 gravity oil out and pump it from the station and pump it to the destination; the oil that is received at Avila compares with the amount put into the tank and pumped would show the loss; but at the same time you have got to consider the gravity of the oil after it left the pump at 30 and arrived at Avila 26; you would know that something happened to it en route; that it had either taken up some other elements and had become contaminated or certain portion of the lighter elements had gone away into the atmosphere and the loss had occurred.

649 Mr. Heney: Does that loss in passing away take place whether you have any mixture or not?

A. Oh, always there is a loss in moving oil.

Mr. Heney: Exactly.

Mr. Andrews: A greater loss in moving lighter oil than heavier?

A. Yes sir.

Commissioner Edgerton: Then you file some of those typical records.

The Witness: All right, sir.

Commissioner Edgerton: I suppose if the matter became of great importance it could be determined by actual test?

A. We would be glad to give the Commission an actual test any

time they might wish it, either their representatives or any one whom they would designate.

Mr. Andrews: We would be very glad to have the Commission or a representative of the Commission designate a time when it would be convenient to go over it entirely and get whatever information we can give by demonstrating.

Commissioner Edgerton: In other words, if it should be feasible to supply an actual test.

The Witness: We would be glad to do that at any time.

Mr. Heney: Those records are not made in any anticipation of any law and I guess that they give us a pretty practical demonstration of what happens.

The Witness: You will find a great variation in these records. We find from actual experience that there are hardly any two movements of oil alike; of the same kind of oil that are the same. In one case the loss will be considerable and in another case it will be very slight and apparently handled by the same men and in the same manner; and those changes are really sometimes mysterious.

Commissioner Edgerton: Well, they will show what actually happened?

650 A. Yes sir.

Mr. Heney: And they will show a maximum and a minimum on that loss?

A. Yes sir. We haven't moved very much of that oil in that way; there will only be a few movements of that oil and a few statements.

Redirect examination:

Mr. Gregg: You mentioned the human element. What do you mean by that? In the operation of the lines?

A. I think my statement was 'human animal' that was there to open and close the gates.

Q. Yes. Is there any difficulty arising from getting the necessary kind of watchfulness and men to look after the oil and to keep it properly separated?

A. Why, there is always danger of contamination no matter how careful any man is—you myself and any one else included, we all do make mistakes; and the boys along the line are no exceptions.

Q. Have you found it possible at any time to pump any gravity of oil by stations in moving light oil?

A. You mean—yes, we frequently do that.

Mr. Heney: When you are running cold?

Mr. Gregg: In other words it is possible when you are pumping light oil to pump at one or more stations?

A. Yes sir, whenever we can do that we do.

Commissioner Edgerton: Is that all of Mr. Clark?

Mr. Gregg: Is there any requirement in the operation of a line to have special tanks for special gravities of oil, if it is necessary to maintain its identity?

A. Would be required?

Q. Is it required, yes?

A. Yes, special tanks.

Mr. Toland: Regardless of the gravity, you have to have special tanks to keep separate lots, keep lots separate?

651 A. Yes sir.

Q. If you had a half a dozen lots belonging to half a dozen different people and had to deliver them to those people at the other end of the line, all that would add a good deal to your tank facilities necessary to do that, wouldn't it?

A. It would indeed, and it would be a rather complex situation, I fear, from an operating standpoint.

Mr. Gregg: That is all.

Mr. Heney: It wouldn't be difficult if there were only three or four classes of oil in the market and a man got his certificate merely for a certain classification?

A. No.

Q. It would take more tankage than at present but it would be entirely practicable, wouldn't it?

A. If you had room to put your tanks.

Mr. Heney: That is all.

Mr. Toland: And the money to build them.

Mr. Andrews: In refining oil, where they have different qualities and have gasoline and so forth, if you attempted to keep them all separate you would have to have a separate tank for each class of oil, wouldn't you?

A. Pretty nearly each well of production at least, that is my experience.

Mr. Heney: Is that done by the Standard Oil Company or the Associated Oil or any one of these refiners?

A. I don't know how they handle the business.

Commissioner Edgerton: Are we to understand then that it is your opinion that oil may be shipped, different gravities of oil may be shipped into a pipe line with the identity of that oil reasonably maintained, but that it may involve additional cost on account of handling that oil?

A. I do not think it is possible to maintain the identify of oil in small quantities through a pipe line.

652 Q. What do you mean by small quantities?

A. Less than 50,000 barrels, I wouldn't attempt to bring any less lot of oil and keep it separate, not less than 50,000 barrels; and then there would be more or less contamination. As I stated, something may occur at a station where the operation is slower than at the next station, and in order to keep the pipe line moving in good shape they must draw upon their tankage at that point in order to keep the line clear, and in that way you are continually being delayed by the use of your tank; and in refining oil there are so many different variations and so many different angles that it really requires an expert to testify on that.

Commissioner Edgerton: That is all. It will now be necessary to

adjourn this hearing until tomorrow morning at 9:30 o'clock at the usual meeting place of the Railroad Commission.

(The Commission thereupon took an adjournment until Thursday, September 18, 1913, at 9:30 A. M.)

653

San Francisco, Cal.,

September 18, 1913—9:30 A. M.

Mr. Slack: I understand the matter on hearing will take undoubtedly all forenoon and possibly part of the afternoon; I presume, under the circumstances, there is no useful purpose served by the General Pipe Line representatives remaining here this morning.

Commissioner Thelen: What is your idea with respect to that matter?

Mr. Toland: If we get through with the Producers Transportation Company, we have yet the Union Oil Company and the Mission Transportation & Refining Company, which probably will be formal so far as it is concerned.

Mr. Slack: You can take all forenoon?

Mr. Toland: I should judge we will not get through before 12 o'clock.

Mr. Slack: I understand Mr. Farragher is of the same opinion.

Mr. Toland: Then I think it will take all day, if the cross-examiner thinks that.

Commissioner Thelen: I have just consulted with Colonel Loveland about that matter; we feel, under the circumstances, it would be better if you return say at 2 o'clock, so that we do not have to keep you this morning, and at 2 o'clock we can tell whether we can go on with your matter this afternoon, or whether we will have to go over.

Mr. Slack: If it goes over, Mr. Commissioner, I should like it to go over until after tomorrow; I have an engagement in court tomorrow that I cannot very well continue.

Commissioner Thelen: We have the Wells Fargo & Company rehearing on again tomorrow, so I assume we could not go on with this matter.

Mr. Slack: I understand Mr. Weil has a case.

Mr. Weil: Monday, in Bakersfield.

Mr. Slack: Any other time, if we cannot go on this afternoon.

Commissioner Thelen: When you return this afternoon we will consider to what time, if necessary, we will adjourn your case.

654 Commission Thelen, cont'd: You represent—your name?

Mr. Phillips: Phillips.

Commissioner Thelen: Yes, you represent three small companies. We will certainly reach you today. If necessary, we will take a little time from these other people, because I think, as far as your companies go, there will be very little testimony necessary.

Mr. Phillips: What time?

Commissioner Thelen: If you will return at 2 o'clock we can tell

then whether we can hear you, but we certainly want to hear you, if we can.

Mr. Phillips: Otherwise, it can go over until any time next week.

Commissioner Thelen: Now, Mr. Andrews, neither Colonel Loveland nor I were able to attend the hearing yesterday afternoon, so, can you indicate just in a word or two the course of the hearing yesterday afternoon?

Mr. Andrews: We continued with the testimony being given by Mr. St. Clair, showing the facts leading up to the organization of the agencies, with the contracts with the Associated Oil Company, and subsequently the negotiations leading up to the contract with the Union Oil Company, and the marketing agreement, and the organization of the Producers Transportation Company, and the course of business of that company, the extent of the pipe lines, and the capacity of the pipe lines, and the amount of oil which the agency was having carried through the pipe lines, which, in a general way, is the capacity of the lines; the facilities that the pipe lines have, in addition to the pipe lines, being certain necessary tanks at the various stations, and no considerable storage facilities.

Commissioner Thelen: Did you have a witness on the stand, Mr. Andrews.

Mr. Andrews: I think not. I want to ask permission to file a couple of amendments to our answer. We find that by inadvertance we have left out reference to two short pipe lines. One is a 6-inch pipe line 13 miles long, running from the Lost Hills to the Junction

655 Pipe line station, and the other is a 6-inch line about 4 miles long running from the Bell Ridge field to the Middlewater station. We wish to insert that addition, and also, I notice that in hastily reading the answer I think we have failed to make an allegation which we had intended to make and which — desire to make, that the extent of the business conducted is not of general public use or necessity, that the conduct of same is not a matter of public principle.

Commissioner Thelen: Will you prepare those amendments specifying just where you desire them to be inserted in your original answer and draw the matter to our attention at 2 o'clock.

Mr. Andrews: If I may supply the pasters and have them pasted right on the original.

Commissioner Thelen: That may be done.

Mr. Andrews: Very well, I will do that. I will ask Mr. Welsh to be called as a witness.

H. H. WELSH, a witness called on behalf of Producers Transportation Company, being first duly sworn testified as follows:

Direct examination:

Mr. Andrews: You reside in Fresno, Mr. Welsh?

A. Yes sir.

Q. And for years past have been interested in the Coalinga Oil Fields?

A. Beg pardon?

Q. You are and have been for many years last past interested in the Coalinga oil fields?

A. Yes, since 1900.

Q. And you are familiar with the development of the fields and the operations there?

A. Yes sir.

Q. Will you state to the Commission please in a narrative form the history of the operations in the Coalinga field, and in particular leading up to the organization of the Coalinga Oil Producers Agency and the conduct of the agency and the facilities afforded for the transportation of oil, and subsequently the negotiations and incidents leading up to the contract between the agency and the Union and the organization of this company?

656 A. The difficulty about that is when to get started, I mean what date. Our first attempt in the Coalinga field to organize an agency was in the latter part of 1906. At that time there were but two pipe lines running from the fields, the Standard Oil Company's 6-inch line running to Mendota station of the Standard and a 6-inch pipe line known as the Matson line from the field to Monterey, which was then owned by the Associated Oil Company, having been purchased in the spring of that year from Mr. Matson. The condition of the field so far as prices were concerned, was—the only people in there to purchase oil were the Standard Oil Company and the Associated Oil Company and to a certain extent, a limited extent the K. T. O. We were compelled to sell our oil to either one of these three people—the K. T. O. people purchasing only the royalties from certain leases. The ruling prices were from 15 cents to 19 cents a barrel—15 cents in the cases where they bought spot oil or took it on daily runs, 17½ on short term contracts which we called it, which were not customary, and a general offer—we understood it to be a general offer on the part of the Associated Oil Company that they would buy fuel oil at 19 cents a barrel on 7-year contracts. We sought to sell oil from different companies—that is, I was interested in three or four at that time—and we came up against that proposition that we could not sell it unless we made a 7-year contract at 19 cents a barrel—some contracts being made in the year 1906 at that price, which we were not willing to take. And so, in the latter part of 1906 a few of us came together to find out what to do. We tried to get a higher price and could not do it and finally concluded to shut down. I think that was in November of 1906. I don't remember now the number, but there were principally west side operators who went in—as we called them, operators on the west side field. We talked to a number of the east side people and we got some help and assistance or proposed help from the limited—California Oil Fields Limited—and about that time the California Oil Fields Limited, also dissatisfied with the price it was receiving from the Standard,
657 which I think was 25 cents—it was 25 cents or less—and it also shut down. Whether it shut down before we did or immediately afterwards, I don't know, but it refused to deliver any

oil to the Standard Oil Company. It was shut down for quite a period, how long I don't know, but it finally sold its oil to the Standard, and along in December the Standard Oil Company posted up for the first time in the history of the Coalinga fields a notice in the postoffice in the city of Coalinga that it would pay $22\frac{1}{2}$ cents a barrel for west side oil, and immediately, I think the next day, the Associated posted up a similar notice that it would pay $22\frac{1}{2}$ cents a barrel; I think that was the first offer that was made; we had refused 20 cents in verbal negotiations with both companies; within a few days, possibly within a week, the Standard posted another notice that it would pay 25 cents, and the Associated followed with a 25-cent proposition; we were at this time closed down in the West Side field, as far as we could close, some 15 or 20 small companies operating there refusing to sell the oil, and within 2 or 3 days or a week following the Standard posted an additional notice that it would pay $27\frac{1}{2}$ cents a barrel, and the Associated followed with a similar notice almost immediately, $27\frac{1}{2}$ cents; we did not accept any of that, and a short time afterwards, I think December, 1906, we closed the contract for one year with the Standard Oil at 30 cents a barrel for our oil in the West Side field, represented by an agency which we had formed in about this manner: I wrote a contract appointing Stanley Morshead the selling agent for these companies, some 15 or 20 of them, for the purpose of selling our oil, and he negotiated the contract with the Standard Oil Company for the quantity we were able to deliver; the quantity I do not know; it was to last for a year; we got 30 cents for it; the highest price, very highest price, that had been paid in the Coalinga field up to that time to any person excepting the Limited; in the meantime, the Limited had closed a contract with the Standard which we understood was 55 cents a barrel; it closed down and started up while we were negotiating with the Standard, and had run from 25 to 55 cents a barrel by reason of closing down; the 55 cents is the information I got from a number of sources, and I think it is correct.

Q. That was lighter oil?

A. That was lighter oil, on the East Side, and which was absolutely necessary to refine, by reason of the necessities, at Richmond. I think it was a 5-year contract at that rate. We delivered to the Standard; it had its lines all through the West Side field at that time; we continued our delivery up to the first of January, 1908, and in the early part of 1907, right after we started delivering to the Standard, we then took more formal method of forming an association, and in February of 1907 we organized under a corporate form; Mr. Sutherland was our attorney, organized us, with what help I could give him, and got a large number of people into our present Coalinga Agency, signing contracts, appointing the agency, its selling agent, for the purpose of selling its oil, very much along the same lines as the Bakersfield Agency. At this time we took in a number of Bakersfield operators; they had come into the Coalinga field, had purchased property there, McQuigg,

St. Clair and others, and they became a party to our agency; and during the year 1906 we attempted then further negotiations for the sale of our oil for the future, but we could get no satisfactory price either from the Standard or the Associated; and along toward the latter end of the contract the Standard declined to negotiate any further for the West Side oils.

Q. Pardon me, that was 1907?

A. 1907, the latter part of the year. And refused to take the oil, as we understood, because they could not handle it in the refinery; that is, the heavy oils of the West side; in the meantime, the East Side field was delivering quite extensively and the production became quite a flush production there of light refining oils, and the Standard Oil, I think about that time, were putting in their second pipe line, an 8-inch line, from the field to Mendota Station, and changing their stations from the West Side to the East

Side field, as it was the more important producer. Anyway, 659 along about the 1st of January, 1908, we could not market our oils at any price or get any larger prices than 30 cents a barrel, which, after a year's use, we thought was not enough, and we all closed down again, but joined with the Bakersfield agency in the close down; both fields closed as far as agency properties were concerned; I think the Bakersfield agency closed in the early part of 1907, all of the agency properties; as soon as we got through with the Standard contract in force, by January, 1907, which we had not filled, but they let us go anyway, we closed our fields down again; we then negotiated with the Associated Oil Company; it was the only purchaser in the field; we had tried to build a pipe line out of there during all of the year 1906, part of 1905, but we did not succeed in doing it; I was a party to the attempted pipe line organization; we got a large amount of oil contracted to us, got a line surveyed up as far as a point on the San Francisco Bay at Redwood City, and got capital in New York interested, sent out an expert during the year 1907, who reported on the field favorably to our business, but afterwards the capitalists refused, without stating any reason for it, to come into the field and do anything about it, so we had—

Q. You could not finance it?

A. We could not finance it, notwithstanding the favorable report of the expert, Mr. Knapp, who is a very large oil operator in Louisiana, Texas and through that country; we had made a number of trips to New York to finance it; we had the money promised us; after that, the fire came and destroyed our records and we took the matter up again with some local capitalists in Oakland and elsewhere, and we did not succeed anyway during the year 1907 in financing, we could not get the money, no matter what inducements we offered, either in cheap oils or laying of pipe, or anything; finally, in 1908, we closed down, as I say and attempted to get a price from the Associated Oil Company for our oils.

Mr. Heney: Pardon me for interrupting, Mr. Welsh, a moment. You had this promise of money from New York?

A. Yes, sir, I had, and we had some millions of barrels
660 of oil tied up to our pipe line, contracts made, operators had signed them and everything of the sort, and it was understood that, if the expert report, Mr. Knapp's report, was correct, or he approved of the scheme and other conditions, we would get the money; his report was all right; I have a copy of the report at home, think I have; but we afterwards understood that influences prevented the money being advanced any way in New York.

Mr. Heney: That was the point I was after.

A. I think Mr. Morshead stated these people had told him that some larger corporations, or had simply said you mustn't—or now isn't the proper time to invest in pipe lines and California oil. Anyway, we could not get it; we could not finance it and could not do anything about it, no matter where we tried or how we tried, or what our scheme was; we tried our very best to get money but couldn't do it. We closed down again in 1908. At that time we had taken a whole lot of pains to find out what the oil situation in the state was; we had spent considerable money in sending experts around to all the different fields, George A. Scott went around to all the different fields and reported the condition of field production, storage and everything, and found out there was no storage, particularly the Associated Oil Company had no storage and needed oil; after about 6 weeks negotiations wherein the very highest price they offered us, both agencies, was 40 cents a barrel, we closed a contract in February, 1908, with them for 2 years, on the basis of 60 and 63 cents a barrel for all the oil that the agencies produced.

Mr. Andrews: Was not 30 per cent of the production to go into storage?

A. No, all was delivered to the Associated; 30 per cent into storage was a special contract they had with Bakersfield; there was no restriction on ours whatever.

Q. That was not applied to the Coalinga branch?

A. I don't think it applied to either; I wrote the contract myself in the Associated office, with the Associated men, and I remember no such clause in it; there was no clause of that character; I think they took it all, 60 cents for the first year and 63 cents for the next.
661 By this time we were getting information through our agencies about the oil situation generally, getting up statistics and everything of the kind, and we saw that it was necessary not to be put in that position any more, and if we were going to do business as oil men in the state of California, we had to take and get access to the market and not be left in the valley there absolutely at the mercy of the Associated Oil Company. We assumed that the action of the Standard Oil Company in withdrawing its bids for our West Side oils, taking up its pipe line, or rather, I think the Associated bought its pipe lines then, the pipe lines that it had through the West Side field I think the Associated Oil Company bought; anyway, we assumed it was a matter that we were facing absolutely that the Standard and Associated Oil Company were the only purchasers of oil. We had tried during our negotiations with the Associated Oil Company in 1908—we had tried to sell oil to the Union, but it

was not in position to take it, had no pipe line into the valley, and we could not do anything. We then, immediately upon making this contract, turned about to see what we could do looking toward the future and made propositions then through Mr. St. Clair to the Associated Oil Company looking towards handling our oil in the open market after the expiration of this contract, and all sorts of negotiations were carried on but positively turned down each time by the Associated. We offered to the Associated Oil Company just such a proposition as we are operating now under the Union—not, of course, the rates and things of that sort, but it was to take our oil and carry it to market and market it under an agency percentage basis, but they turned it down flat and cold and refused to have anything of that sort to do with it, and so some time in 1908 we then took up negotiations with the Union Oil Company for the financing and building of a line from the field, and then after we had got the matter pretty well determined we still gave the Associated Oil Company an outline of what we proposed to do, not what we were doing with the Union, but simply that we were going to do it, and asked them to take it up, feeling under obligations to give them the first opportunity of financing the line and handling the oil, and they

turned us down and we then made this arrangement with the 652 Union Oil Company I think in the latter part of 1908 or early part of 1909. The scheme has been laid before the Commission here in the various contracts by which they handled the oil on a commission basis. During all this time we were adding to our agency, getting in all the members that would come in, extending an open, clean-cut invitation to everybody in the various fields to come in and assist holding it open continuously to them to do so until after the incoming of the Lakeview wells in March, 1910.

Q. Now, at the time that the marketing agreement, which has been filed here as an exhibit, was tentatively closed—

A. Yes—

Q. What were the conditions precedent to the final execution and delivery of the contract? What was required of the agency by the Union?

A. Oh, we were required to obtain a large number of individual contracts as a matter of binding them to the performance of this agency oil—in other words, that was—while everybody was in favor of it, all the members of the agency without any question whatever were in favor of this thing when it was submitted to them, we were required to get individual contracts, to make a number of individual contracts as a matter of giving stability to the pipe line and insuring the delivery of the oil to the pipe line, to the company in the event it made the investment, and assist them in getting rights of way and things of that sort.

Q. Was that required as a necessary condition to financing other pipe lines?

A. Yes sir, absolutely.

Mr. Heney: They insisted on having enough oil tied up so that they would be sure at any rate of getting their capital back?

A. Well, no—the condition was that the Coalinga field at that time, in that field at that time the Agency production then, when we did that, was only about 4000 barrels per day. The agency production in the Kern River field was about 6000 barrels per day—about 10,000 barrels per day in all—and then there was some production in the McKittrick field—San Francisco and McKit-
663 trick—I don't know just what the agency production was, but it did not exceed possibly 1500 barrels per day, and no production in the Midway whatever. At the time we took the matter up with the Union we would have a production to exceed—an actual production of over 12,000 barrels a day. Of course, we assumed, as I supposed it was assumed by the oil company—that things were going to be so favorable to the oil men at that time—you will understand that at the time this arrangement was made there was no surplus of oil in the state; production and consumption were running very close together at that time, and the Associated Oil Company was absolutely without surplus, and the only people within the state with a surplus was the Standard Oil Company with a lot of heavy oil at that time down in the tanks and reservoirs of the Kern River field. They had no surplus refining oil. It was prior to the entrance of the Standard Oil Company into the Midway field. The only oil that the Standard owned—well, the Standard was then taking a considerable quantity—getting a considerable quantity of light oil at Santa Maria, but was not accumulating any surplus of light oil, nor did any surplus of light oil accumulate in the state until after the opening of the Midway field in 1909 and the coming in of the large gushers there along in the latter part of the year 1909. Our surplus commenced to accumulate in the early part of 1910 after this thing was entered into. The proposition was that on an expenditure of this size, that with ten or twelve thousand barrels a day it would take a long time—that was the only sure and certain production that the pipe line had tied to it when it came into the field. It is nothing like it is today.

Mr. Andrews: But it had the land from which that production came tied to it, didn't it?

A. Now, the only way they could get that land as a legal proposition, was by these individual contracts, because there was some question as to whether the agency could tie up its members' oil in a general proposition to the pipe line company, because the oil was not owned and would not be owned by the agency until it was actually sold. In other words, the agency was simply agents
664 for the purpose of selling the oil and the mere statement in the contract that it became the property of the agency immediately upon delivery into the receiving tanks of the agency was probably not sufficient to change the ownership of the oil, and in order to insure the return of this capital through the building of this pipe line, in the pipe line charter, it was necessary, as I understand it, it was necessary to get the contracts individually, and that was the only reason that they gave them why it was tied up in that manner, as a legal proposition.

Q. First the contracts were secured before the organization—

A. Oh, many of them, I secured quite a number of them myself in the early spring of 1909, and it was not until the majority of those individual contracts were obtained that the final organization was affected. We had been delivering to the Associated Oil Company for over a year before this had occurred. The present Producers pipe line was built in the summer and fall of 1909, and we commenced delivering our first oil from Coalinga into the tanks at the initial station some time—I think it is about—well, the first oil delivered into that was the oil from the gusher on section 6, along in the late fall of 1909 or the early part of 1910, possibly.

Q. Subsequently, the production of oil from the agency members has so increased that they require practically the entire capacity of the pipe line?

A. I so understand. The production from the Coalinga field has increased to about—I think the present production on agency oil in the Coalinga field is somewhere about—that is, including the Nevada petroleum—about 8000 barrels a day. That pipe line is not sufficient to serve—that is, from the Coalinga end down to the Junction.

Mr. Heney: What is the pipe line?

A. An 8-inch pipe line from Coalinga to the Junction.

Q. Originally the plan was to have one 8-inch pipe line all the way through and then as the agency production increased they had to double that?

665 A. Originally the intention was for an 8-inch line.

Q. One 8-inch line—

A. Under the conditions it was supposed to be ample for all the requirements of the agency, and it would have been if the Midway field had not come into existence. In March, 1910, right after we had commenced our deliveries, the Lakeview well came into existence and caused a very large over-production of oil. Probably with a couple of other large wells in the Midway field the production I suppose in 1910 was—oh, I don't know—35 or 40,000 barrels a day, excess production.

Mr. Andrews: The Producers Transportation Company built simply a pipe line and its facilities but did not acquire any other shipping facilities such as vessels or the like?

A. No, one of the very great inducements for the making of this contract by the agency was the extremely valuable advantage we obtained in the getting of all of the shipping and shipping interests, terminal stations, marketing facilities and ability of the Union Oil Company, which was even more valuable from a money point of view, representing much more capital, as we took it, than the pipe line investment.

Q. But that was covered by the marketing contract?

A. Covered by the marketing contract which was a part of the whole general scheme.

Mr. Heney: I notice that this contract—pardon me for interrupting—

Mr. Andrews: Go ahead, Mr. Heney.

Mr. Heney: Calls for fuel oil?

A. Yes.

Q. I wish you would explain what the situation was and is in regard to fuel oil and particularly as to the quantity produced and the quantity which is used in the state and the necessity of having equipment to ship out of the state?

A. Well, you mean the difference between fuel oil and refining oils?

Q. No, I mean as to what the production on fuel oil is, the total, and as to about what proportion of that is used in the state.
666 What I am getting at is the necessary for having points at tidewater for shipping fuel oil?

A. I don't know just how I could reach that, Mr. Heney, excepting in this way: I assume now that the Standard Oil Company is receiving almost entirely refining oil in its various receiving tanks, receiving stations. I don't know of any place in the state that it is taking any fuel oil excepting a very small quantity in the Bakersfield field. Its daily receipts at the present time are somewhere about 75,000 barrels a day. The Union Oil Company is receiving principally from its Fullerton field and Santa Maria field a considerable quantity of refining oil—how much I don't know—I suppose you might say—well, 20,000 barrels of oil, say—no, I will make that 15,000 barrels a day, the refining oil, would be what the Union Oil Company is receiving—that is, oil that would have to go through the refinery. That would make 90,000 barrels. There perhaps is 10,000 barrels refined in other refineries, small refineries throughout the state. I understand some 17 or 18 other operating refineries—that would make about 100,000 barrels of refining oil in the state of California, produced in the state today. The balance would be fuel oil. The production today or production for July was 258,000 barrels a day. That would leave about 158,000 barrels of fuel oil, and 100,000 barrels of refining oil.

Mr. Andrews: How about the residuum from the refining oil—

Mr. Heney: Yes, I was just going to ask about that.

A. In addition to the general crude, 158,000 barrels, and say suitable for fuel purposes there would be this residuum from these refineries, principally from the Standard's two refineries, the one here and the one down in Los Angeles County, and the Union. I suppose we would have about 40 per cent—in other words 40 per cent of 100,000 would be 40,000 additional barrels—that would be nearly 200,000 barrels of fuel oil marketed from California business today.

Mr. Heney: Now, roughly, can you give us an estimate of the amount of fuel oil that comes from the fields of Middle California—that is, fuel oil at the time it comes from the wells?

667 A. Well now, let's see—the California field is producing about 53,000 or 54,000 barrels a day. The Standard Oil Company is taking out of that about 22,000 barrels a day, and that would leave about—well, the Associated is taking about the same refining oil also at the Coalinga field—I should say about half of the California production is fuel oil and the other half is refining oil.

In the Midway field the production is somewhere about 74,000 or 75,000 barrels a day—probably 30,000 barrels of that would be refining oil and perhaps about half of it would be refining oil and the other half would be fuel oil. Now, that would be all the valley fields. I don't know what the proportion would be in lower California or the coast fields.

Q. I meant the valley fields.

A. Yes.

Q. Now, have you any way of estimating about how much fuel oil is used at the present time in the state of California, consumed here?

A. Well, do you mean that to include the outside shipments to foreign ports?

Q. No, I mean what is used here in the State.

A. No, I haven't, Mr. Heney; I don't know what the proportion of outside shipments are; I have heard it stated but I don't know what it has been lately. Of course, the larger part of it is used in California. The amount shipped out is comparatively small.

Q. The fuel oil?

A. Of fuel oil. That is, of course, taking in all steamships and everything that leaves these ports would be considered as state consumption.

Q. Yes, those that load here for the purpose of using it themselves.

A. I think nearly all the residuum is distributed to steamers leaving these ports right here.

Mr. Heney: Now, I won't interrupt further at present.

Mr. Andrews: Did you know anything about or have anything to do with or know about the construction of that Matson line?

A. Yes, I was the attorney for it at the time it was constructed—that is, the local attorney at Fresno at that time and I was requested to join with them in obtaining franchises.

Q. Before the construction of the line did they do anything with reference to securing a certainty of oil to justify the building of the line?

A. Only to advise oil companies I was interested in—

Q. I mean did the management of this pipe line take any steps to secure a certainty of sufficient oil—

A. Oh yes, secured contracts on millions of barrels of oil, which contracts, some of them, are existing today.

Q. That was a condition precedent to the building of that line?

A. Yes sir, absolutely. There were contracts made in 1905, some of them, and prior to the building of the line which came to the Coalinga field, and they bought property, secured a large number of what we would term very fair contracts at that time, 19 and 20 cents, and they had millions of barrels of oil tied up to the line at the time they commenced its construction, and some of these contracts are still existing.

Commissioner Thelen: For the sake of the record, will you state just what the Matson line is?

A. The Matson line is a 6-inch line leaving the west side of the

Coalinga field and extending to Monterey Bay, a direct line up what we call Walton Canyon. It was bought by the Associated in the early part of 1906, inside of a year after it was built.

Mr. Heney: These contracts, were they contracts for the sale of the oil or merely for the transportation of the oil?

A. Absolutely for the sale of the oil at a low price—the Wabash contract was for 10 years, its entire production, at 19 cents a barrel.

Q. The owners of the pipe line bought the oil and transported it for their own sale?

A. Well, they had some other contracts,—but there were some contracts of a variable nature, but they were principally contracts for the purchase of the oil.

Q. Did that line at any time hold itself out as a common carrier?

669 A. Never did—I beg your pardon in that regard——

Q. I meant advertised?

A. No. It did this, though—I won't say it held itself out as a common carrier, or not—but as its attorney at the time I understood it was a common carrier. I thought it was organized as such. I went before the Board of Supervisors of Fresno County and obtained a franchise before we built the line, and after I understood it was going to be built and was partly constructed, and as a preliminary to determining where it would go without letting any person know where it would go—we tried to keep this route a secret—I obtained a blanket privilege from the Board of Supervisors of Fresno County that the pipe line—I think the company was named or I think maybe the individual—I don't know which—Mr. Matson, or was it Mr. Morsehead—I think we got a right of way to Mr. Morsehead who was one of the promoters—and that right of way was to occupy and use any road in Fresno County west of the slough through the center of the valley. That was the preliminary purpose to the building of the line. We afterwards, when the survey was made up through Walton Canyon, obtained a franchise in due form from the Board of Supervisors and made a written application for it, and then at first it was a verbal application to the Board of Supervisors, and an order was made and then the officials filed a written application and it went through the usual form at that time.

Q. That written application was for what—did it state that it was to be a common carrier pipe line?

A. I would not say that, but that was my understanding.

Q. Did that association condemn any part of the right of way when they were building?

A. No, we had that come up with the Southern Pacific Railroad Company over a section at the mouth of Walton Canyon—needed to build the pipe line, and I advised the pipe line to go and build across the land without obtaining any right of way, which they did, and afterwards I prepared papers to prevent the Southern Pacific Company from tearing up the line. It was understood—Mr.

670 Garbison was the manager of the line, building it, and he came over to Fresno to see me in regard to it, and it was understood that the Southern Pacific Company was going to hitch an

engine on it and pull it to pieces, and so I got out the papers to enjoin them from doing so, but they did not attempt it.

Q. The papers were never filed?

A. The papers were never filed, but it was my idea we had the right to condemn.

Mr. Andrews: Now, in all the various pipe line enterprises that come within your knowledge, hasn't it been necessary as a condition to the financing of the pipe line to have a guaranty of a sufficient amount of oil to justify the expenditure of the capital necessary to build the pipe line?

A. Absolutely, you could not talk to the capitalists unless you did; the Matson line was the first, had all the contracts, the Carribou Oil Company, the Wabash Oil Company and others, with the Union line; after the Matson line was built I became local attorney for what was termed the Union line, promoted by Mr. Dallas; I wrote the right of way contracts, got up quite a scheme there, and tied up, Mr. Dallas told me just yesterday, over 8,000,000 barrels on the proposition of 25 cents a barrel; that is, we sold the oil to the line and delivered up to—they were quantity contracts; Mr. Dallas surveyed a right of way through White Creek and Milpitas, and afterwards changed it to Redwood City, and we could not do anything with it; Mr. Dallas threw the line up and we took it over, Mr. Bunting, Mr. Morsehead, Mr. Scott and I; we changed the contracts and we tied up millions of barrels of oil at 22½ cents a barrel to sell to the line, with the provision that we would go into the market and sell the oil and all that we would get above a certain price, I think 45 cents, perhaps it was 50 cents, we would then split the excess price; for instance, if we got 50 cents and if the base was 45, I am not sure of that, we would give 2½ cents to the purchaser, which would make his return 25 cents; if we got 60 cents, we would give an additional amount, growing as we got the higher price; that was the proposition which we took to New York, 671 the proposition upon which Mr. Knapp came and which we were working on in 1906, at the time of the fire here, and for some time afterwards, but we could not do anything with —.

Q. And likewise the Producers Transportation Company, you had to secure the—

A. Oh, absolutely, you could not do it; it would be utterly impossible, the nature of the business, the uncertainty in regard to it, the decline of the fields, as they are declining now, everything of that sort, makes it necessary that the oil should be tied to the line before you can get the capital into it.

Mr. Heney: I wish you would tell us what your idea is about the decline of the fields, at the present time, Mr. Welsh.

A. Well, I have got quite large and extensive interests in three oil companies in the Coalinga fields, they were the older companies but in the upper part of the field; one of them is on the piece of property that Mr. Morsehead owns, a very splendid piece of property in the early days; we started to develop it along about 1903; for six months past we have been very seriously considering the idea of

turning it back, we don't want it, it don't pay, we can not make any money out of it at the present production and the present price of oil at the depth of about 1500 or 1600 feet; it was shallower than that in the first sands.

Mr. Andrews: That would be a life of ten years?

A. It has not entirely gone out; I mean to say at the present prices it don't pay.

Mr. Heney: The cost of pumping increases with the depth, and as the well gets older, the oil rises to a less height and it costs more to pump it?

A. Yes sir.

Q. That has been the history of oil fields all through the United States has it not?

A. We had a shallow piece of property there of 80 acres, Coalinga Petroleum, that came along in flush production about 1903, a flowing well; Mr. Matson is interested in it with me; it is not paying; it is about—the deepest territory is 700 feet and from that shallow heavy oil production has increased; it is on what we call the rim of the field, shallow production, easily drilled, difficult of handling, though, low grade oil, and that don't pay at the present prices; it has not paid for the last 3 years.

Q. About what does it cost to pump oil at that depth?

A. Oh, I could not tell you, Mr. Heney; a very few of the early oil companies, of the pioneers in the field, are men who keep accurate accounts; we don't care to do it, we simply want results, and we turn to the later and the larger companies; my information in that regard—possibly the whole information I have got is from Mr. Requa, who is a mining engineer and very careful in all his work of that sort, and he keeps a very thorough record, and I can give you his figure.

Q. Yes.

A. The figures I received from his office and the figures he has published, he has published a paper, Fuel Resources of California, here, and made statements of that character, this was published some time ago as matter for distribution; here he gives it as 39 and a fraction cents a barrel on 2500 foot territory.

Mr. Heney: Mr. Requa is here, is he not?

From the Floor: No.

Mr. Heney: I thought I saw him a few moments ago. We can get him later on. I think the Commission would like to have him state how he got this data together and have this information before the Commission.

A. This is the actual result of his work in a large company in the Coalinga field and it holds good in all other fields.

Commissioner Thelen: Possibly Mr. Requa would have a spare copy of that.

A. I will give you this. This gives you statistics in regard to oil production and everything of the kind.

673 Mr. Heney: I am sure he will be glad to testify as to how he made that up. Does that tell, or can you tell us, Mr. Welsh, about the depth—

A. I will say now I am interested with Mr. Requa in the Nevada Petroleum, one of the directors in the Nevada Petroleum, in what we call 500 foot territory now in the Coalinga field, excellent, productive, rich, splendid territory, in the West Side field, and we contemplate closing down even at the present prices because it won't pay us; we are giving our resources away; and we are in the agency too.

Q. At present prices, that means practically 35 cents a barrel net?

A. No, we hope to get better than that.

Q. At that it hardly pays?

A. It don't pay, it is not paying us at all, won't pay us at all to drill our property up and turn it over to the consumer or anybody that will take it; it is agency oil and it is not paying. Here it is on page 17, it is 39 cents a barrel, pumping, pulling, baling, cleaning, maintenance and repairs, including redrilling, cost of drilling to maintain production, and amortization fund, altogether making 39 cents a barrel it costs us on the Nevada Petroleum under those figures; this is actual work.

Q. Would that be a fair estimate of those fields where oil is at that depth, in your opinion?

A. Why, it probably would cost less in some parts of the Midway field on account of the larger production, the initial production of the wells, but after the first flush production passed away, I think so, yes.

Q. After the first two or three years used?

A. Oh yes, even much sooner than that.

Q. Sooner than that?

A. Yes sir.

Q. Can you give us, in a general way, the depth at which oil is found in these different fields of California?

A. Yes sir.

674 Q. I would like very much to have you do that.

A. In the Coalinga field, in commercial quantities, from 600 feet up to 4200 or 4300, running all the way through; our wells in the West Side field run from about 650 feet on the western rim of the field up to the deepest well on the Nevada Petroleum, at 3440; in the East Side field it runs from—the shallowest well is probably Sour Dough or the Peerless Coalinga—Peerless at about 650 to 700 feet, running up eastwards down the slope to the Coalinga Mohawk at about 4200, and there are intervening wells between; our deepest and most productive wells in the Coalinga field today are the Turner wells, on section 2, in the east side field; they are practically 4000 feet in depth.

Q. Now, do most of those wells, in the beginning, flush?

A. How do you mean, all the way through?

Q. Yes.

A. Oh no.

Q. Many of them have to pump from the very beginning?

A. Oh, yes, in the West Side fields it is a rare thing now to have a flowing well; there is only one flowing well at the present time in the West side field; that is the Silver Tip; the Silver Tip still flows by heads,—been flowing for three years.

Q. Of course the pumping increases with the deeper the well?

A. Oh, sure, heavy oil probably could not be pumped, oh well, nothing like this 4000 feet; these deep wells are light oil, light gravity; in the Midway field the same thing occurs from the shallow wells on the West Side of the field at 650 and 700 feet and runs way on down to 3500 and 3600 feet as you go to the east with the slope of the field; that holds good throughout that field.

Q. And by Midway, do you include Kern River and McKittrick?

A. No, Kern River is only a shallow field; there are no deep wells in the Kern River field; they run from about 550 in the Kern River field perhaps up to about 1600.

Q. Are they mostly heavy oil?

A. All heavy oil in the Kern River field; nothing else.

Q. And how about those other fields, McKittrick—

675 A. McKittrick field is heavy oil, about 16 gravity oil; it runs about the same from shallow 600 feet to about 1000 or 1100 feet; production is about 15,000 barrels a day of fuel oil. The Bell Ridge field is about 600 feet up to about 1200 feet. Lost Hills, about 600 feet up to 2400 feet, light oil.

Q. Do they get light oils in any of those heavy oil fields by increased depths,—other stratas?

A. No sir.

Q. Now, do you know about the depth of the fields on the coast and down in the Los Angeles country?

A. Only generally, I know something about the depths of the Fullerton field only from what I have read, and been in the fields some years ago, and in the Santa Maria field.

Q. I think you might state that, if you will.

A. The Santa Maria fields, I think the production there, in what is called the old field, comes from about 2600 feet, 2500 or 2600 feet; that is the light oil of the old field; I think out in what they call the Cat Canyon field it is deeper than that, something along 3100 or 3200; in the Fullerton field I would not venture to say, only I know they are very deep wells; other fields I am not familiar with.

Q. Fullerton is a light oil?

A. Fullerton is principally a light oil, yes sir.

Mr. Andrews: Mr. Welsh, a little more in regard to the decline of the fields that are reached by the pipes of this—

A. I was going to say in that connection, at the time those contracts were entered into, the agency production in the Kern River field was greater than the agency production in the Coalinga field, 6000 barrels as against four thousand; the agency production in the Kern River field today is about 4000 barrels; it has declined fully about 2000 barrels a day in 3 years; the increase in the Coalinga field has been an increase of new properties; there has been a large decrease in the old properties of the Coalinga field, upon which these

676 contracts were based; we get the Nevada Petroleum production today of about 2500 barrels and some other companies are——

Mr. Heney: And this decrease of the agency, has it been in the face of sinking of new wells?

A. Oh, sure.

Mr. Andrews: And the acquiring of new properties?

A. Sure, large new properties. Understand, Mr. Heney, the agency production today is very great but it is the new territory that has come in in our Midway field principally; at the time that this thing was undertaken, the Midway field was a matter of no concern in the oil business of the state; in 1909, at the time that we got these contracts, I think the production of the Midway field was only 6000 barrels a day.

Q. A great deal of prospecting and wild-catting going on at that time?

A. Not much, no; the only people that were doing it, the Standard Oil was acquiring their properties in the Midway field that they have today, and the principal purchaser in the Midway field at that time was the Santa Fe, in the northern part of the field; well, the Standard had acquired its property there in 1908 and 1909.

Mr. Heney: What do you think as to whether the state has reached its highest point of production yet?

A. We have been thinking that for the last three years; every time an agency meeting has been had at Bakersfield, we always take up the question of what we were going to do, and there wasn't an agency man, whose interest it was to think that the fields had reached their maximum, but always thought that the Midway field had reached its maximum. The Coalinga field has reached its maximum; any additional drilling there, unless it was very great, would not increase it much; while there is a large amount of undrilled territory, a drilling in the lower portion of the field would probably decrease very largely the production in the upper; I do not believe we will ever have a larger production than we have today in the Coalinga field; 677 in the Midway field we have been hoping all along that its production has reached its maximum; it probably has; a large number of wells are going to water; outside of the extreme eastern-most rim of the field, where the Standard is operating, the wells are not coming in as strong as they did in the early days, there have just recently come in some pretty big wells down there though, the Standard's; they probably have reached their maximum production; the known fields today. The Lost Hills have been increasing a little but don't seem to have much chance for much larger increase there.

Q. The price of oils to the consumer today, in your opinion, is too low?

A. Yes sir.

Q. Of fuel oil especially?

A. Unquestionably. The refining oil, of course, is taken principally by the Standard Oil Company.

Q. The fuel oil you think is being produced largely at less than cost?

A. Yes sir.

Q. And what is fuel oil selling for; what is the market price here say at the present time,—about?

A. I do not know, Mr. Heney.

Q. Well, you know within 10 or 15 cents of it; it is less than a dollar?

A. I have simply got the general understanding that the ruling price here is about 70 cents, but it varies above and below that; in Los Angeles, since the advent of the General Petroleum down there, it has been dropping until it is about 60 or 65 cents; less there than here.

Q. And what is the price for fuel oil in the east at the present time?

A. They have no fuel oil in the east, excepting what they get from Mexico or some residuum probably now in the Oklahoma fields. I can give you eastern quotations if you wish it, for instance, like Texas?

Q. Yes.

678 A. I beg pardon; when I say they have no fuel oils in the east, they have none in the east generally; they have some in Texas and some in Oklahoma, but the eastern United States has no fuel oil.

Q. You mean it does not produce oil, that is, fuel oil, at the well?

A. It is too valuable to even change it into fuel oil.

Q. It is light as it is produced?

A. The by-products are so valuable that it is all used up. Texas oil today is—I think the ruling price down there is about \$1.10.

Q. For fuel oil?

A. Yes sir.

Mr. Andrews: Is that at the wells or at the market?

A. That is the producer's price received at the wells; they only quote the price that the producer receives in his tanks and delivering to the marketing companies.

Q. What gravity oil would that be?

A. That would be fuel oil about like ours, 15 or 16 gravity, from these heavy fields there like Mexico, well, all those various Texas fields.

Mr. Heney: They produce some oil in Texas, do they, that is fuel oil as it comes from the well?

A. About 35,000 is the Texas production today and they get \$1.10.

Q. Do you know about that Mexican oil,—whether it is being sold in the United States?

A. No, all being used there on the railroads.

Q. In Mexico?

A. You mean Texas oil?

Q. No, Mexican oil.

A. Oh, Mexican oil, lots of it being brought into Texas, being used on the railroads there, lots going up the Atlantic Coast.

679 Q. And do you know what it is selling at up on the Atlantic Coast?

A. No, I do not. It is all the result of large contracts made with the producing companies in Mexico. I think they are getting about 55 cents a barrel at Tampico.

Commissioner Thelen: Now, Mr. Andrews, have you any more questions?

Mr. Andrews: Yes, I have.

A. 65 cents to 70 cents, Mr. O'Donnell, who represents the Mexican Petroleum, says, for Mexican oil at Tampico.

Mr. Andrews: In the case of the pipe lines you first spoke of, contracts were made where they got specific quantities of oil at low prices?

A. Yes sir.

Q. For long times?

A. Yes sir, and tied to the ground.

Q. And tied to the ground?

A. Yes sir, all the contracts I have seen were for the production of the oil from that specific piece of ground up to a certain quantity.

Q. So that the pipe line had the opportunity of getting the profits that might accrue from the raise in the price of oil?

A. Yes sir.

Q. Whereas, in the case of the Producers Transportation Company, while the contract was tied to the ground, it was simply so much per barrel for moving the oil?

A. Yes sir, we considered this, of all the contracts we have ever seen, of all the propositions which we have tried, with all the oil men we have consulted, we considered this the most favorable thing the producers got in any oil field in the world; nothing like it, nothing like it has ever been proposed at any time until it originated, as I say, with us there in the field.

Q. Now, was that a proposition—did this proposition come from your people or did the Union Oil Company—

680 A. Right from us. We had tried to work the thing through with the Associated Oil Company but could not do it.

Q. On the same price per barrel, or on a greater price?

A. We had not reached that; they simply turned it down; they would not negotiate at all.

Q. I had understood that it had been discussed with a price of 25 instead of 22½.

A. I do not remember that, but I understood they would not negotiate. that was my understanding; while that may have been offered along that line, it was only as a tentative proposition; Mr. Porter absolutely refused to negotiate along this line; he would not do it.

Q. Are there any considerable number of oil producers in the Coalinga field that are not either under contract to sell their oil to one of the marketing concerns or members of the agency?

A. No sir, there isn't a person in the Coalinga field that would use this line if they had it tomorrow, to ship out their oil; they are all under contracts, and for a long time, under the agency contract, or the only person in the Coalinga field, and I have tried to think over who there is there who would use this line if they had the right to use it, is the people that just bought the California Oil Company Limited; I don't believe another company in the Coalinga field would use it.

Q. That is the Royal Dutch Shell people?

A. Yes, the Royal Dutch Shell people. It might be to their advantage to use this line if they had the right to use it. We have just taken in a producer the other day, one of our large producers in the Coalinga fields came into the agency, a man who tried to sell oil, tried to market it, ship it out by railroad in cars, and tried to supply the field, and tried to supply the Pioneer Wild-Catting Companies and everything of the sort, and finally come into the agency in the last few days; that is the Leslie Company.

Q. In your experience, is it practical in those fields for an individual producer to market his oil in distant markets?
681 A. No sir, it isn't, couldn't do it.

Q. Why not?

A. Well, it has been tried and they haven't succeeded. To market it anywhere through the valley they would have to market it on the railroad. There has always been a great deal of trouble up to some time ago to get cars, until the matter came under the Railroad Commission,—uncertainty of cars there.

Q. And the certainty of delivery is one of the essential features of marketing?

A. I was going to say the peculiar condition in California fields and California markets is such that the man who buys fuel oil wants to buy it from a large and responsible party they would prefer to buy even at a higher price from the person who is competent to fill the contract; the other thing is, everybody buys on long time contracts; anybody that is even running a little bit of a one-horse planing mill wants a two or three-year contract for his oil and wants to know he is going to get it, and he won't look at the individual unless the individual shows to him that he can make the delivery; that is the unfortunate condition of the fuel oil business of the state of California; it is not like it is in Texas, or in Oklahoma, or the eastern fields; everything here is on long time contracts at the lowest prices they can get.

Q. On the one hand, it was necessary for the promoters of the pipe line to be certain that they would have a sufficient quantity of oil, extended over a period of 10 years, to repay them for the investment; now, on the other hand, was there any requirement on the part of the agency that they should have the use of that pipe line to take their oil to market?

The Witness: Will you read that, please.

(The reporter thereupon read the previous question.)

A. Oh, absolutely, we considered the use of the facilities from

the coast as the controlling dominating element in this contract all the way through; we wanted that pipe line, we wanted to use it, we wanted to know our oil would go through it, we wanted it
682 subject to our control, if you put it that way, as it has been.

Q. I was going to ask you, what has been the effect in regard to that?

A. That is absolutely the effect as far as agency oil is concerned; while that is perhaps not a part of the contract, we have control and disposition of the agency oil through that pipe line.

Q. And if your use of the line were interfered with or diminished, would it affect your marketing of your oil?

A. Oh yes, no question about it; unless we could be sure of filling our contracts everywhere, unless we could make a certainty of a delivery of oil, we will say, down in Chile, where we have been trying to get some high priced contracts lately, in order to build up our average price, we could not enter the market and take them, because we are behind—the agency is behind these contracts in the ultimate end.

Q. And for how long a time do you have to take these contracts,—the Chilean contract?

A. Five years I understand is the lowest contract they offer us. I will say further, Mr. Heney, that, with the exception of a time after the incoming of the Lakeview well, the doors of the agency, as we speak of it, have always been open to producers of fuel oil anywhere along this pipe line, and there was a time when storage was a very great burden on the agency, we were under enormous expense, paying a great big storage charge to the Associated Oil Company for use of its reservoirs in the Kern River field, and a very large charge to the Union for its tanks and reservoirs and the agency concluded at that time they could not receive any of this large flush production of the Midway fields into it, because it would increase the burden of the older members, but notwithstanding that, there has never been an application, to my knowledge, of any producer anywhere along the line, or that could be served by it, but

683 was always taken in; we have at all times—I am saying this in view of the fact of a public necessity existing for using this line—while we have never considered that, and it has never been thought of, the use of the line has only been thought of naturally as an agency proposition, we have always extended every consideration to the producers using the line or within the agency that would make for the profit of the producer or the agency member; we have even allowed them to go on the outside and sell their oil to the Standard oil, sell to the Associated oil, where a storage burden would be too great for them if they came in with their production. Of course, the Midway field, opened up by the Standard at 50 cents a barrel, when they first made their contracts with Spellacy in 1908, I think it was, they took all that oil down there and built their pipe line over to the Midway field in consideration of it, but just as soon as the Standard Oil refused to take under 18 gravity last fall, we extended a helping hand to all those producers and invited them into the agency; we wanted them added

to our strength; it gave us better control of the market, and we paid them a much higher market price; we were then paying 35 cents a barrel on our marketing contract, with the probability of reaching 40 cents, whereas the Standard turned us down at 30; we extended the producers an absolutely open hand to come into us, under all conditions existing, and gave them the benefit of our three years' extremely hard burden in carrying this great storage and in supplying an exceedingly cheap market, and they have that same right today.

Q. Now, Mr. Welsh, in the inception of this enterprise, in the organization of the respondent Producers Transportation Company, and in its operations, is it or is it not the fact that it has been or was expected to be the instrumentality of the agency?

A. Wholly and entirely so.

Q. During the life of these contracts?

A. Yes sir, we never considered the idea of carrying any
684 outsiders' oil; we never thought it would be necessary; we thought we were going to have a 75 cent or \$1.00 market for our oil and that everybody would come into the agency, because we would relieve them of the domination of the Associated Oil Company, if you want it; that is the proposition.

Mr. Andrews: I think that is all.

Commissioner Thelen: Now, Mr. Heney, have you any questions in cross-examination?

Cross-examination:

Mr. Heney: Yes, I would like to ask a few. Who built this pipe line, that is, the agency made the arrangements for getting the pipe line built, because you realized—your producers realized that the control of a pipe line was essential to maintain the life of the producers?

A. Absolutely.

Q. You were at the mercy of those who did own pipe lines and who were the only purchasers in the fields, unless you had the control of one?

A. Well, absolutely at the mercy of the Associated Oil Company.

Q. Well, it owned pipe lines, did it not?

A. It owned pipe lines; it only had one pipe line at this time into the Coalinga fields; its other pipe line has been built since ours.

Q. But you could not compete—you could not ship out and compete with the Associated Oil Company if you had to depend upon the railroad?

A. Couldn't do it. The railroads of the state of California would be absolutely unable today to do the business of the state if it wasn't for the—and they couldn't haul the oil, the present production,—they couldn't haul it on the railroads today if not for the pipe line; 258,000 barrels a day would mean nearly 800 cars.

Q. They wouldn't all go out of middle California?

A. I mean they would go out of all the various fields and
685 they would have to be hauled here, there, hither and thither, by the railroads; it couldn't be done.

Q. Was there any discrimination from the railroad that drove down the price of oil; was there any discrimination in regard to furnishing cars at the time they were relying on cars to ship?

A. I do not know that, Mr. Heney; I never got into touch with the shipping of oil at all; I do not know that.

Q. There was a great deal of complaint about it, was there not, at that time, that the Associated Oil Company was getting cars when others could not get them?

A. Yes sir, that has always been the cry in the field up to a short time ago,—up to the building of these pipe lines; but how true that is, I do not know.

Q. That is one of the conditions that prompted you producers to think you should have a pipe line, was it not?

A. We were up against this condition in the field; we had nobody else to go to except the Associated or Standard, and the price, it was either take it or leave it alone.

Q. Did you try shipping?

A. We could not ship.

Q. Why not?

A. Oh well, you could not ship for this reason, unless you were united with an agency, because it would not pay the individual company to run a pipe line from where the wells were down to Oro Station; there were four individual pipe lines down to Oro Station for shipping purposes; some of us had considered that.

Q. By the time you paid the interest on the cost of the pipe line, and the cost of operating it, and then paid the railroad freight charges to market, you could not have competed with the Associated, that was piping?

A. No, couldn't touch it, and then you understand—and
686 of course, I am speaking now and giving you my own opinion only—speaking of prices, the great element in the determinations of prices in the state of California has been the Southern Pacific Railroad; it has always been, from the inception of the Kern River field, the flush, a necessity to have cheap oil for the Southern Pacific Railroad Company; that has determined prices in the state; its use has been very large; the cheaper it could get the oil the better for the Southern Pacific Railroad Company; and that has been the dominating and controlling influence in these prices; now, I am giving you my personal opinion on that, from all the study of the fields, the manner in which oil has gone out and everything of the kind.

Q. Did you figure out at that time, when you were considering the question of piping down to the railroad station, about what it would cost per barrel to get it down there?

A. Oh, different companies that I have been in, we have considered the thing; there is only one line down to the railroad station from the west side field, that is the main state line, that is McNear's line; that was put in very early and he attempted to sell oil on the outside; I do not think it was a success.

Q. Did you figure about, or can you give me an idea of about what it would cost per barrel to get it down to the railroad?

A. To the railroad station?

Q. Yes, for piping?

A. No, it would not cost much that way.

Q. Taking into consideration interest on your investment, I mean, depreciation and so forth,—everything?

A. Well now, Mr. Morsehead suggests a gravity line; it would not be a gravity line for the heavy oil from the west side; we would have to pump that; I do not know what it would cost; it is only 7, 8 or 9 miles from the field as it existed in 1907; the field is closer now;

687 but it would be a line, say a 4-inch line would be about the size the producer would build down, and I think that is the size of the McNear line; with the heavy 15 or 16 gravity oil, he would have to simply pump it 7 or 8 miles with a force pump located at the receiving tank; it would not cost much.

Q. Without the pipe line, if he wanted to ship by rail, he had to haul by wagons, did he?

A. That was impracticable.

Q. But it was the only way to do?

A. There was extending down to Oro station 4 lines, one was the McNear line from the west side field, one the Limited line from the east side field, one was the Chanslor & Canfield line from section 20, and the old Pioneer line that the Union Oil Company had down there in the early days.

Q. No one of those lines would carry anybody else's oil, would they?

A. Well, I guess they were never asked to.

Q. But it was not understood they were ready to carry anybody's oil but their own, was it?

A. Well, the only one of them that go from the west side field where the agency exists—you understand, there is not a member in the Coalinga agency has any production in the east side field, in the refining field—they don't come into the agency—it is only fuel oil—and the only line extending from up near the McNear line—I don't believe they have ever requested us to carry any oil.

Q. Their capacity was quite small anyhow, wasn't it?

A. Oh, yes.

Q. What is the production of the California Oil Fields Limited at the present time?

A. About 14,000 barrels a day. It has been right along about eleven or twelve thousand barrels for several years, but it has increased to about 14,000 barrels in the last two months. That is an oil of something over 20 gravity.

Q. The use of oil as a fuel commenced on this coast about when?

688 A. I understand the Santa Fe Railroad was the first to use it in the Santa Paula fields somewhere about '99 or '98, or somewhere along in there—well, I mean the railroads—it commenced to be used in Los Angeles, in the city of Los Angeles, along in '95 or '96 after Mr. Doheney and Mr. Canfield got it down there—about '95, I think—I mean, as a general use, about '98.

Mr. O'Donnell: About '93 or '94—

A. About '93 or '94? Mr. O'Donnell can give you an opinion on that.

Mr. Heney: Is he going to be sworn in this case?

A. Not that I know of.

Mr. Andrews: I think we will call Mr. O'Donnell, Mr. Heney.

Mr. Heney: All right. I merely wanted to get at the gradual transforming of coal burning furnaces to oil, and how that has been done and the reason for the slowness, and so forth.

A. I think the first use of oil to any extent was in Los Angeles—that is, for fuel. The use on railroads was not general until after the discovery of the Kern River field in 1898.

Q. Now then, the railroads, the locomotive furnaces were so constructed that it required a change?

A. Yes sir.

Q. They were using coal and they had to do away with that in order to use oil?

A. Yes.

Q. That was rather an expensive operation, the making of the change, wasn't it?

A. I don't think so.

Q. Well, it was some expense and took some time?

A. Oh, yes.

Q. So that the change was taking place for a number of years before it got to using it, before it became a use on practically all their engines?

689 A. Well, a very grave element there was the certainty of production. They didn't know that they would have enough, have supply enough in the state until the Kern fields commenced to produce in 1900.

Mr. Andrews: Is not the certainty of delivery now, and hasn't it been one of the grave elements in the case of every man about to change from coal to oil?

A. Yes.

Mr. Heney: Two questions are involved in that, one was the question as to whether the man that was going to sell oil could continue to deliver it to them and could get it to them promptly, and the other was whether the fields generally were going to last so that if he made the change he could go on using that amount of fuel, is that correct?

A. Of course, the only fields amounting to anything, were those small fields of Southern California and Ventura, they were the fields prior to the discovery of the Kern River field, and the production of the Kern River field was not in any way flushed in 1900. I think the first large production was 1900.

Q. But at the present time, mostly all the large steamship companies are changing to oil, are they not?

A. Yes.

Q. And considerable talk of the government changing to oil for use on its war vessels?

A. Yes sir.

Q. And the consumption of fuel oil is increasing very rapidly?

A. Very, much more rapidly than the production.

Q. More rapidly than the production?

A. Oh, yes. Last year in 1912, the consumption increased over the preceding year at the rate of 17 per cent, and the production only increased at the rate of 10 per cent, about ten.

Q. Did the corresponding increase take place in the price of fuel oil in the market?

A. No sir.

690 Q. So that something was interfering with the natural order of things?

A. Well, there is still an over-production, Mr. Heney.

Q. There is still?

A. Yes sir.

Q. About how much at the present time?

A. For the last six months it has been about 2000 barrels a day on the average. There has been a time, one or two months, where the consumption exceeded the production, but the average since the first of January up to the 1st of July, for the first six months, was 2080 barrels a day, something like that.

Q. But in order to give safety to the increase of consumption and to the checking up of oil as a fuel by the government for its war-ships, and so forth, it is necessary to have a production beyond the immediate consumption, isn't it—especially, if the fields are liable to die out?

A. Yes sir, and in order to introduce oil into the remote market, an over-production is a good thing. We would not have this enormous consumption today which is going away back up in the Canadian mountains and away down into Chile on this side, were it not for the over-production, and to that extent, it has been a good thing. It has been an excellent thing in attracting capital to California. You go down to Los Angeles today and the city is built on oil—more than anything else that made that wonderful city is the oil production in the immediate country and the fact that it is very certain—

Q. And led to manufacturing?

A. Led to manufacturing, yes, and led to everything that would come from it, and perhaps the suffering—you might say the suffering and loss of the oil producer on these low prices has been an advantage to the state as a whole; I think it has.

Q. The markets have been enlarged by reason of the oil which came on account of that over-production?

691 A. Very much. We have gone into the upper reaches of this coast, away up into Alaska and elsewhere and competed with the cheap coal from Washington and Canadian Coal mines.

Q. The markets have been established—if the production of oil does not continue to increase, the consumption will increase just the same and the price of fuel oil is bound to go up?

A. Well, we have been hoping that for several months.

Q. Now, as to stocks, do they store oil in different parts of the state so as to make this certainty of delivery?

A. Well, I suppose you might say yes to that. The stocks stored, of course, according to the conditions existing at the time they bought

the oil—the Standard Oil Company was the only one in the state to have any stock at first. Its stock commenced in the Kern River field when oil was selling around 11 or 12 cents a barrel. They shoved in a great big tank farm that they brought out from Ohio and filled it with cheap oil, started in to buy oil at 50 cents a barrel in the Kern River field thinking it was a cheap proposition, and then it dropped down to 11 cents and they filled up their tanks and commenced to build more reservoirs there. All the stocks in California are right down in the fields there with the exception of the stock that the Producers Transportation Company has over its line and at its tank farm down near San Luis Obispo.

Q. With certain delivery by the pipe lines with sufficient capacity to meet the consumption, the stock which is necessary to be carried could be stored cheaper at the fields than it could be stored at the marketing points?

A. Oh yes, sir.

Commissioner Thelen: We will now adjourn to 2 o'clock.

(The Commission thereupon took a recess until 2 o'clock P. M.)

692

Afternoon Session.

2 o'clock p. m.

Commissioner Thelen: The Commission will come to order. Judge Slack, what have you—

Mr. Slack: What disposition does the Commission make of our matter?

Commissioner Thelen: It seems now that these gentlemen will probably consume all or most of the afternoon.

Mr. Slack: I understand so.

Commissioner Thelen: In view of the fact, I think it would be fair that we should at the present time definitely set some other time at which your matter may come up.

Mr. Slack: As I stated to you, Mr. Commissioner, I cannot very well be here tomorrow, and Mr. Weil cannot very well be here on Monday, and I think if your Honor will set the matter for any other day next week than Monday it will be agreeable for counsel to take it up.

Commissioner Thelen: If satisfactory to you, Judge Slack, we will set your matter for next Tuesday at 10 o'clock in the morning before Commissioners Loveland and myself.

Mr. Slack: That will be satisfactory.

Mr. Heney: Yes, satisfactory.

Commissioner Thelen: Now, Mr. Phillips, we were very optimistic this morning about sandwiching in between this case what you had to offer, but it does not look very hopeful at the present time. We were wondering whether you could be here next Monday at 2 o'clock in the afternoon. Would that inconvenience you?

Mr. Phillips: Not at all. I guess Monday at 2 o'clock will be all right—that will be satisfactory.

Commissioner Thelen: Then, Mr. Phillips' cases, and if you have

any doubt about that, Mr. Reporter, as to what they are, we will inform you later on—it is the Coast Oil & Transportation Company, Refining and Producing Oil Company and the Graciosa Company—those matters will be put over until next Monday at 2 o'clock. Now,

Mr. Pillsbury, your case was to come up this afternoon at two, 693 but it is very evident it cannot be heard this afternoon.

Mr. Pillsbury: If your Honor will permit me to make a suggestion about a continuance—the Wells Fargo case will probably take all day tomorrow—I think it will take pretty much all the day to find out wherein the Commission agrees with the company or the company with the Commission—

Commissioner Thelen: I understand those are in 5-cent matters that you think the Commission was correct in its conclusion?

Mr. Pillsbury: I didn't go into the details, but I have to be in Portland in court next Monday, so that if you could defer this hearing in the Standard Oil until the latter part of next week it would be very convenient, or the following Monday—that would be still better—or any time after next week.

Mr. Heney: Almost any time except the following Monday would suit me. I shall be in Los Angeles on Monday.

Commissioner Thelen: Monday, September 29th?

Mr. Heney: No, a week from Monday, and I will be here after that all week.

Commissioner Thelen: You will be in Los Angeles on the 29th then—next Monday will be the 29th—

Mr. Heney: No, I will be in Los Angeles on the 13th of—

Commissioner Loveland: Then you have been there already.

Mr. Heney: No, of October—

Commissioner Thelen: Would September 30th at 10 o'clock suit you?

Mr. Pillsbury: Satisfactory.

Mr. Heney: That is satisfactory, yes.

Commissioner Thelen: This investigation then of the Standard Oil Company will be continued to Tuesday, September 30th, at 10 o'clock in the morning. Now, Mr. Andrews, Mr. Andrews has handed to the Commission two inserts which he desires to have inserted in the answer of the—

694 Mr. Andrews: Producers Transportation Company.

Commissioner Thelen: Producers Transportation Company. The first insert is on line 3, page 6, and is as follows:

"4th, also 6-inch pipe line commencing at Lost Hills and running thence for a distance of about 13 miles to the connection with the main line at Junction Station, and also 6-inch line running from Bell Ridge, a distance of about 4 miles, to the main line at Middle Water Station."

The next insert, line 12, on page 8, reading as follows:

"11. That the nature and extent of the business of this corporation, Producers Transportation Company, is such that the public needs no use in the same, and the conduct of the same is not a matter of public consequence."

Those inserts will be made in the original answer, Mr. Andrews.

Mr. Andrews: Mr. Heney, were you through with your questioning of Mr. Welsh?

Mr. Heney: Yes.

Mr. Andrews: We will ask Mr. Morsehead to take the stand.

STANLEY W. MORSEHEAD, a witness called in behalf of Producers Transportation Company, being duly sworn, testified as follows:

Direct examination:

Mr. Andrews: Mr. Morsehead, you are, and for many years have been interested in the Coalinga oil fields?

A. I have.

Q. And have taken an active interest in the Coalinga Oil Producers Agency?

A. Yes sir.

Q. You are familiar with the organization of the company and the activity of the producers in that field and generally in the valley fields?

A. To some extent, yes.

Q. To what extent, or how extensive?

695 A. Well, since the Coalinga Agency has been merged or worked with the independent agency of Kern River, the business of the agency has been conducted through the independent agency of Kern River, leaving the Coalinga Agency, of which I am still the president, without taking any real and active part in the conduct of the affairs of the agency.

Q. Are you an officer in the Independent Oil Producers Agency also?

A. I am.

Q. What office do you hold?

A. Vice-president.

Q. Prior to the organization of the Coalinga Producers Agency, did you have to do with the marketing of the oil from the various independent companies?

A. I did.

Q. State what steps were taken in that regard and what the conditions were at that time.

A. Well, Mr. Welsh, this morning, covered the fields pretty clearly. However I could, if you want it in narrative form, probably go back a little earlier in the history of the Coalinga field than in which he started.

As I remember the Coalinga field in its beginning, the West side field was started upon section 31, and from there, the oil was marketed through a 4 inch pipe line, which he referred to as the McNear pipe line. That was the means in which the production of the West side field was taken to market. Mr. McNear, if I remember rightly, had considerable market of his own for fuel oil, and as that extended and grew, he took the oils of one or two companies which happened to be adjacent to the territory which he was operating, and that was the beginning of the transportation of fuel oil from the

West side. That line went from—was about 9 miles long and went to Oro station, and there the oil was loaded into cars and taken away from the field in that manner. Then, about that time, or
696 about the time that those wells went down, there were other parties that came into the West side field and brought in quite a little production. That production was handled through this line and brought to the independent refinery by cars from Oro to the Bay at a point over in Berkeley, and that oil was refined there, and I think the residuum of it went to the California Ink Company, and there it was used as fuel; that was run by Mrs. Baker, a woman who was engaged in the oil business.

About that time, Captain Matson came to me and spoke of the possibility of building a pipe line from the Coalinga field. He had also considerable market of his own; he was in the shipping business and used considerable oil. And we worked on the proposition and found that, in order to get any financial aid, we must get considerable oil and territory tied up to a pipe line, which we proceeded to do, eventually getting practically the entire west side field, except the oil that was then being produced on railroad lands under lease.

We built the pipe line and about a year afterwards sold it out to the Associated Oil Company. At about that time we were left with the Associated Oil Company to deal with. The Standard Oil Company had built a station on the west side field and had taken the oil already some time before, as testimony, as has already been given here stated. The East side, which is entirely distinct and apart from the Coalinga field, from the West side—might be just as well called another field—came in quite strong, and I am satisfied that the oils being lighter that they switched over and took that oil and left the West side field without any means of transportation on their part, giving out the statement that the oils were not suitable for refining—possibly they were not—I don't know—but I happened to be producing at that time and my oil was not up to the exact standard that was set by the Standard Oil Company, being seventeen five, that being their requirement, and my oil was seventeen four—so that
left me without any market.

697 Q. What time was this?

A. I can't remember the dates; about that time I had typhoid fever and I have not been able to remember any dates since, but in a general way I remember the Producers, that along with me were in the same fix; we got together and decided we would not sell any more oil at prices that were then being offered, which was 17½ cents, I think, and they said, "Well, we will go further; we will put it all in your hands and we will do as you say."

Q. That was the producers?

A. A few producers on the West side of the Coalinga field. At that time I advised shutting down and offered the oil to the Standard Oil Company, which they refused to take, and within 48 hours after the refusal they decided they could use that oil, and in our various negotiations that followed we raised the price from 17½ to their offer of 30, which we closed at.

Me. Heney: That was the Standard?

A. Yes sir.

Q. That was the same oil they said was refractory and which they could not use, was it?

A. Well, as near as I can remember. There is a good deal of hearsay about what they say, and unless you can remember it is pretty hard to say whether that was the reason or whether it was the east side production crowding out the west side production.

Commissioner Thelen: Mr. Andrews, the witness has now reached the point which Mr. Welsh started. Now, while we are very glad to secure all the testimony you think material, don't you think that you can save time if you ask the witness whether in any respect the testimony that Mr. Welsh has given, whether there is any material point that he desires to add to Mr. Welsh's testimony, and in that way we can save considerable time.

A. I think, Mr. Commissioner, with your permission that I can add but a few sentences which would tie right into Mr. Welsh's narrative and also give my view on the few experiences I have had in trying to finance pipe lines, and then I am practically through.

698 Commissioner Thelen: Go ahead then.

A. Well, at that time we had no real agency, so I went to the Standard Oil Company and the transaction was all carried in my name. I made a simple contract of sale to sell a certain amount—I can't remember—for one year at 30 cents a barrel and the oil was all run in my name and the gauge tickets were in my name and the money was paid to me directly and I in turn drew my check to the producers, and that went on successfully through the year, and out of that we formed the California Oil Producers Agency. At various times, however, during the beginning I tried to form a pipe line scheme. One was from the Coalinga field northward to Redwood City, which Mr. Welsh spoke of. We found it very difficult to get capital. I made several trips to New York and the one requirement always was, and even with the Matson line, when we were working with that line, was that we must tie the land to the pipe line and that was one great task, to get this land tied to the pipe line, and we were never successful in financing the pipe line until the Producers Transportation Company was formed. After that time I think Mr. Welsh has told you as clearly as anybody could tell you the history of the Coalinga field.

Mr. Andrews: You were familiar with the transactions in connection with the Union Agency, the marketing agreement and the negotiations for it, were you not?

A. To a certain extent, Mr. Andrews, yes.

Q. And with the securing of the pipe line contracts as the condition precedent to the organization of the pipe line company and the building of the pipe line?

A. Well, I helped to get those contracts.

Q. And you understood they were absolutely necessary in order to finance the pipe line?

A. Yes sir.

Q. And you considered them so?

A. Absolutely.

Q. And in the organization of the company did you know of their creating a bonded indebtedness, the Producers Transportation Company?

A. Yes, sir, I did.

Q. And of three and one-half millions of dollars?

A. Yes sir.

Q. And all bonds and stock were offered to members of the agency?

A. Yes.

Q. Do you know whether any members of the agency availed themselves of the offers?

A. Yes sir.

Q. Did you do it yourself?

A. Yes sir, I did, yes.

Q. State whether or not you would have purchased those bonds if the pipe line contracts tied to the land or the quantity of oil sufficient in your judgment to justify the building of the pipe line had not been secured?

A. Oh no, absolutely not.

Q. And from your acquaintance with the subject do you think others would have purchased those bonds excepting on those conditions?

A. I don't think so.

Mr. Andrews: I think that is all.

Cross-examination:

Mr. Heney: Are you a stockholder still of the Producers Transportation Company?

A. Yes sir.

Q. Any objection to stating to what extent?

A. No sir.

Q. How much?

A. I have 500 shares and over—501, I think.

Q. What is the par value of the shares?

A. \$100—am I right? I don't pay much attention to those things.

Q. Do you think that it was equally necessary that the stock in double the amount to the bonds should be given with the bonds in order to receive the money to build that pipe line?

A. I couldn't say as to that, Mr. Heney. I am not a financial man; I have been in the oil business.

Q. As a matter of fact, capital always looks for any bonus it can get in building railroads or anything else, doesn't it?

A. That seems to be the general custom, Mr. Heney.

Q. In the beginning the building of railroads was all done by the counties and the cities and the nation paying for the railroads by grants of lands, by underwriting the bonds and by voting bonds and giving bonuses on land, and so forth, were they not?

A. Well, the early history of the building of railroads, if I remem-

ber rightly, it was giving land. It seems that the land has pretty nearly all gone and they are giving a bonus in stock nowadays, but not being a financial man I couldn't tell you the exact system.

Q. Don't you know that railroads are being built in Texas today by bonuses given by the cities and counties and the state and individuals in the way of land—not by the state, but by the counties and cities and the individuals?

A. I do not.

Commissioner Thelen: Some one has suggested that if all the water in the stock which has been issued in connection with these corporations in Central California had been used to irrigate the land, that the counties would have been far better off.

A. I have got some of that that I wished was watered on the land instead of on the paper.

Mr. Heney: You are the vice-president of the Transportation Company, are you not?

A. Yes sir.

Q. Are you really the acting president?

A. No.

Q. Well, Mr. St. Clair says he is merely the nominal president; now, what are you, the nominal vice-president?

701 A. I am not even that, I don't suppose. I don't take any active interest in it whatever.

Q. Who does take charge of that?

A. Well, Mr. Clark is the general manager and superintendent of the line, and I suppose Mr. W. L. Stewart of the Union Oil Company is the active man—I am sure I don't know.

Q. You stated that the oil originally in the Coalinga field was handled through this pipe of Mr. McNear's. In the very beginning, when he commenced to take the oil from two or three other companies, as you state, did he buy that oil or was that handled, if you know?

A. To the best of my recollection, he bought the oil.

Q. And up to the time that this producers' line was put in there, whatever oil handled through the McNear line was purchased first by the company that owned the McNear line, wasn't it?

A. It was long prior to that, because the Associated line, or the Matson line, as we have called it, had been built in the meantime, and the Standard Oil Company's line had been built into the west side, and for years I do not think the McNear line has been used; and to the best of my recollection, after Mr. McNear's property or production went down, he either leased or hired the line out to these other parties. That is so long ago that it has escaped my memory.

Q. The point I wanted to make was that there wasn't any time when that line was open to the Producers there to ship through, if they wanted to, on rates?

A. The production was so small that I think—no, I don't think it was.

Q. Was there any time that the Matson line was open for the public to ship through, to your recollection?

A. Not that I know of.

Q. At the time that you tied up the lands to the Matson line, when you were financing that, was there any marketing contract or arrangement made; what were they tied up to do; were they
702 tied up to furnish the production to go over that line and pay charges, or were they tied up to sell it to some one?

A. Well, the contracts that Captain Matson had were for quantities of oil, running in very large quantities of oil, but the land that I happened to know of was land that I was interested in, some 7000 or 8000 acres, which was practically agreed that every barrel of oil it contained would go through the Matson line as long as it remained independent; there were no papers drawn, as I remember of; it was a verbal understanding I had with Captain Matson.

Q. As long as it remained independent of what?

A. Of the Standard Oil Company and the Southern Pacific Railroad.

Q. Well, it did get into the hands of the Associated within a year?

A. It did.

Q. That relieved your tie-up?

A. I think it did.

Q. You considered the Associated Oil Company and Southern Pacific one, in that sense?

A. I did.

Q. And now, the balance of the tie-up of land to that pipe line, was it a tie-up of land or was it a contract for the sale of the oil?

A. Well, I cannot say whether there was an actual tie-up or not. Captain Matson owned property there himself, and his associates. Now, whether they deeded or contracted their property to the pipe line or not, I do not know. I was merely an outsider and boosting for the line, that was all,—not familiar with its interior workings.

Mr. Heney: I think that is all.

Mr. Andrews: Mr. O'Donnell, please.

703 THOMAS A. O'DONNELL, a witness called in behalf of Producers Transportation Company, being duly sworn, testified as follows:

Direct examination:

Mr. Andrews: You are in the oil business, Mr. O'Donnell?

A. Yes sir.

Q. Interested in oil properties in what sections?

A. Well, in a small degree, pretty much all over the state.

Q. How long have you been in that business?

A. Some 23 years in California, in various capacities; in the early history, working on the wells for other people.

Q. And how long have you been interested in the Coalinga and Midway fields, and Kern River fields?

A. About 12 years, commencing with a slight interest—probably 11 years in the Coalinga field.

Q. You are interested in properties that are in the agency?

A. Yes sir.

Q. In all of those fields or just a portion of them?

A. In the Coalinga and Midway fields.

Q. You were familiar at the time, and have been, with the negotiations leading to the marketing contract and the organization of this company?

A. Yes sir.

Q. And the operations down to the present time?

A. Been on the executive board of the Independent Agency.

Q. In connection with the securing of the marketing contract, you understood that it was considered necessary to have the pipe line contracts prior to the completion of the marketing contract, did you not?

A. Yes sir. The detail and the negotiations leading up to the financing of the line I was quite familiar with; I did not take any personal part in securing those contracts however; I knew it was necessary to do that and that it was part of the whole financial scheme, in order to get the money necessary to build the line.

704 Q. And from the standpoint of the agency, was that considered a reasonable arrangement?

A. We were very much enthused, all of us, at that time, over the possibility of being able to make the bargain that we did and get the Union Oil Company interested to the extent of helping us finance it; it was not only felt to be necessary but we felt very much enthused over it and felt that we were making a very good deal in order to get the money.

Q. You are familiar with the producing companies of the Kern River, the Midway, McKittrick, Coalinga, Bell Ridge and those various fields reached by this pipe line?

A. I am, in a general way, familiar with nearly all of the oil production in California; I have had no personal supervision of any development in the Kern River field itself although I am quite familiar with conditions existing there. The Coalinga field and all of the other fields of the valley, I have taken a very active part in their development.

Q. Are there any oil producing companies or oil producers reached by the pipe line system that would be beneficially served by having this pipe line thrown open to the public as a common carrier?

A. Well, that would be merely a personal opinion. My judgment is that the producers, through the agency of the Independent Agency, have got as good a position as independent producers as is possible under the conditions that we have had. Taking everything into consideration, the great surplus production that we have had to take care of and many other things, I can not conceive of any condition that could exist, as long as we have an over-production, that would be of any greater advantage to the oil producers of the Kern and San Joaquin Valley than our present arrangement. I know there is a difference of opinion on that subject.

Q. Are there any producers, to your knowledge, whose oil is not being handled, either through the agency or under contract with other concerns, who are actually producing the oil?

705 A. There is no oil that I know of where I believe they are making any attempt to produce it that is not being taken care of through either one or the other means of selling to the marketing companies or being marketed by the agency itself.

Commissioner Thelen: All that amounts to, Mr. Witness, is this, that all of the oil which is being produced is being taken care of in some way?

A. Yes sir, which was a necessary result or it could not be produced very well.

Commissioner Thelen: Otherwise, if it were being produced and no one taking care of it, it would float away?

Mr. Heney: If nobody would take it at the price they offered—I mean, if a man won't sell at the price offered him though, it is a loss, and it is his own fault.

A. Well, while I might agree with you in a certain way in that conclusion, I would not want to have it reach the same conclusion possibly you have in mind.

Q. Well, Mr. Spellacy has a number of wells down there. Is there any place he can go to sell that oil that you know of, if he does not want to go into the agency with it and tie it up for 7 years?

A. I think that is quite true, that, in order to sell his oil, it will probably be necessary for him to join the agency or to sell it to some of the other marketing companies. I believe, however, that is a condition that has been brought about through the great uncertainties of the business and the unlooked for conditions that we have had there, and that there is no other means—no human means of bettering those conditions under the circumstances.

Q. The only other marketing companies are the owners of pipe lines, are they not?

A. Yes sir. The thought that I would like to get in there, Mr. Heney, is that the business is of such character that, even although the producer could get it in large numbers and reach the market and himself market the oil, when there is more of it being

706 produced than the market will take, it will eventually end in the low prices, much worse in my judgment than they are at the present time; while they are bad at the present time, that the agency and the fact of the combination there for handling a large quantity of that oil through one means, has had a steadying effect; while it has not been as highly successful for the benefit of the producers we hoped it would be, that it has, to a certain extent, bettered conditions, and there is no possible means of transportation or any other thing that would have bettered the producer's position if he himself in large numbers would have been able to reach the market, no matter how cheaply; the consumer perhaps would have benefited temporarily by that.

Q. I agree with you on most of that, but is not that true as to oranges, lemons, beans, grain, vegetables and everything else?

A. I am not much of a bean man; I am an oil man and have given most of my life to that particular business.

Q. You have heard something about oranges and lemons, haven't you?

A. I have heard a great deal about oranges and lemons; I lived in

Southern California. If you want to discuss that feature of it, I guess it is generally conceded by nearly everybody in California that the Orange Growers Associations are good things, although they tend toward the restraint of trade when bills are drawn—at least the letter of the bills if not the spirit of them, and it is very hard to draw the line between a good combination or a good co-operative organization and a bad one, and that the orange man—the walnuts particularly down in our Southern California, the raisins in Fresno County, the shingles in the north and many other things that are produced by the active producer of this country, he has found himself in a position that it is necessary for some kind of an organization to protect himself against the larger financial interests.

707 Q. And the middle man.

A. Now, I think the oil business is more affected by those conditions than any other business in the world; I think there are only two things that tend towards staple conditions in the oil business; one is the large financial interests to buy up surplus in the time of over-production which has always resulted to the benefit of the financial interests themselves; and the other is the combination, co-operation or whatever name you would like to call it—I have been informed that combination is a bad name to use going out to the public—the co-operation of producers is absolutely necessary to get a staple market. Now that, coming from the early history of the business throughout Pennsylvania, leading up through all of our early stages of producing oil, and using it for a different purpose than the Eastern man, as has always been true, the business has got the greatest uncertainties in connection with it of any activity that we have had in the United States. It perhaps is—the mining business for metals comes the nearest to it; but in addition to the uncertainties of the result of our work in connection with oil, we have the very uncertain condition regarding our marketing; the character of the man and the human element that enters into it has a great influence on the way the business is handled; a man has got to be more or less of an optimistic disposition, in my judgment, to follow the oil business very far; he has got to feel confident of changing conditions and look on the bright side of the future, and that optimistic feeling usually leads him to great activity in the carrying on of his work; in the eastern fields we will have the producer producing large quantities of oil in times that the market was unable to take it, there was really no market to take it, and the only thing that ever has saved those people, in my judgment, in the east, from absolute

708 bankruptcy, has been the Standard Oil Company. That sounds rather bad, I know, but I am going to tell you why. We take this proposition—they came along at a time that the producer was rushing on to bankruptcy; you allow him to go with the flock and he was willing to go and compete for the market, if there was nobody there to take care of it. He would have competed and would have put his business in such a condition that eventually it would have been bankruptcy on account of over-supply. The conditions of competitive trade were not thoroughly familiar to him, the amount of oil that should be placed on the market at one time, and his inability to judge how much oil there was to take, all those things

would have forced him to compete with one another until he had absolutely bankrupted himself. Now, the Standard Oil Company comes in there then for the purpose of benefiting itself.

Mr. Heney: The sugar trust claims it has accomplished the same benevolent purpose——

A. Oh, I don't say——

Q. And the steel corporation and some of the other trusts, the copper trust the same, don't they?

A. I am not claiming that the Standard Oil Company has ever been a benevolent concern in connection with its business. There are two ways of handling it. One way is for somebody with sufficient capital to take all the profit to themselves and extend just enough to give these people a chance, allow them to live and keep them active in the business to produce, and taking the profit to themselves. That is what capital has done in connection with that. There has never been a time in connection with the production of oil in the United States that the oil producer did not have the opportunity by forming a combination or corporation among themselves to regulate the supply and create better conditions as far as the producer is concerned; that has always been possible.

709 Q. Provided they had facilities for reaching the market and had storage facilities and had the market created, isn't that right—all those three things?

A. Well, that is what has finally led to the success of our independent agency in California, because we have been able to secure those things, but even without it, if human nature was not what it is and they would all join together solidly and curtail their production, they could force better prices.

Q. Well, don't you think that human nature would lead them to take just a little more than they ought to take?

A. I think so, the financial interests always.

Commissioner Thelen: Well, gentlemen, we are trying to be very liberal in allowing all sorts of evidence to go in, and I think there are reams and reams of evidence already in the record that won't be of every material assistance in helping us to determine whether or not you are common carriers.

Mr. Heney: Yes, I think so.

Mr. Andrews: This pipe line, Mr. O'Donnell, runs from these oil fields to Avila on the coast below San Luis Obispo?

A. Yes sir.

Q. Is there any market there for oil?

A. There is no local market, no. That is a terminal of the pipe line by which it is picked up by ships and taken to the various markets.

Q. Are there any ships engaged in the promiscuous handling of oil on this coast, commercial handling in small lots?

A. Not that I know of.

Q. You are familiar with the shipping business?

A. Well, to a certain extent. There might be some little boat

somewhere that I am not familiar with but as a general proposition—

710 Mr. Heney: If it is all contracted for, a small ship could not get any anyhow, could it?

A. It has been a pretty hard proposition to—

Q. Well, if a ship was coming into one of those places, say that a ship was going into business, there is no chance to get the oil because it is all contracted for, isn't it?

A. I would not say it is all contracted, Mr. Heney. It is a continuous business of making contracts—

Q. But up to the present time, if a ship went to Port Hartford could it buy oil unless it bought it from the Union?

A. I think not, no. I think not.

Commissioner Thelen: Are there any further questions, Mr. Andrews?

Mr. Andrews: I think that is all.

Mr. Heney: That is all.

Commissioner Thelen: Very well, that is all.

Mr. Andrews: I will call Mr. Requa.

Mr. M. L. REQUA, a witness called on behalf of Producers Transportation Company, being first duly sworn, testified as follows:

Direct examination:

Mr. Andrews: You reside in San Francisco, Mr. Requa?

A. My office is in San Francisco, yes sir.

Q. What is your business?

A. Mining engineer.

Q. And you are interested in the oil business?

A. Yes.

Q. Whereabouts?

A. Coalinga.

Q. Have you made any study of oil conditions in the state of California?

A. Rather a detailed study extending over several years.

711 Q. Are you familiar with the oil fields all through the San Joaquin Valley and especially those reached by the producers pipe line?

A. Yes.

Q. You are also interested in mines and mining conditions?

A. Yes.

Q. Are you interested in oil producing companies?

A. Yes.

Q. And also in companies that consume oil?

A. Yes.

Q. Are you familiar with or had experience with the marketing of oil and the marketing of it by the individual producer?

A. I am.

Q. And as a result of that experience state to the Commission what your ideas are in that regard.

A. I think it is entirely out of the question for a small producer of oil to successfully market his product.

Q. Why?

A. The principal reason is because the consumers of oil, large consumers of oil, will not contract with small producers as against the large companies.

Q. Why not?

A. Because of the uncertainty of the supply. They can not afford to take any chances upon their operations being shut down by the matter of fuel oil the lack of the fuel oil, and even at a materially higher price they would give the business to the companies from whom they were sure they would get a constant supply.

Q. Have you had any experience in that regard as a consumer of oil that would lead you also to that conclusion?

A. I have.

Q. What would that be?

712 A. At the time the Nevada Petroleum Company, of which I am president, went into the business of developing fuel oil we seriously considered the question of contracting with ourselves for the supply of oil for the mines on Douglas Island in Alaska, where there is consumption approximating 700 barrels a day. The lack of fuel would be a very serious matter to those mines, and after canvassing the situation very carefully, as a consumer of oil, we came to the conclusion we could not afford to take a chance on contracting with ourselves, notwithstanding we had rather a large production and large acreage behind this.

Q. What was your production at that time?

A. Between 3,000 and 3,500 barrels a day.

Q. How large a field was that over?

A. Total territory of about 800 acres.

Q. And that was a fairly settled production?

A. It was rather a flushed production at that time; the wells were just coming in and we felt there would be a material falling off from that—how rapid that decline would be we did not know, but we were not certain that we could even with that production sufficiently anticipate the decline to take care of any deficiency that might arise.

Q. Did you enter into a contract for the purchase of oil with some other concern?

A. Contract was finally made with the Independent Agency.

Q. From your experience and your investigation and study of the oil fields, will you state to the Commission the usual production—usual proportion of production of oil wells, especially up in the Coalinga fields?

A. The production of an oil well—there is no fixed rule that will apply to the volume of production from a well. I think probably the larger the well the more rapidly is its decline, but wells
713 vary even upon the same 10-acre piece, we may get a well that will come in at 500 or 600 barrels, and a well a few hundred feet away which will only come in at 150 or 200 barrels, and the rate of decline is also uncertain. We may find a well dropping off 50 per cent within 30 days, so that there is no rule that I

know of that could be applied as to the decreasing production, except that you know absolutely that there will be a very material decline as between the production when the well first comes in and the production at the end of 6 months or 12 months.

Commissioner Thelen: Mr. Witness, most of what you know about oil and the oil business is contained in this pamphlet on the fuel resources of California, is it not?

A. There are three pamphlets I have written at various times on that subject.

Commissioner Thelen: I was just wondering, gentlemen, if Mr. Requa would not possibly favor the Commission with copies of these three pamphlets which might be considered in evidence in this case if desired, and in that way we can avoid taking up a considerable amount of time.

Mr. Andrews: With that understanding I would like to go to another phase of the matter.

Commissioner Thelen: Will you furnish those copies, Mr. Requa? If there is any charge, of course—

A. No, there is no charge. I brought several of them with me, but the original pamphlet I have no copies of in the office, but I have at my home and I will bring it over tomorrow or send it up to you.

Commissioner Thelen: We will be very much obliged to you, Mr. Requa.

Mr. Andrews: You are familiar with the oil fields at about the time of the organization of the Producers Transportation Company and the construction of this line?

A. I am.

Q. In view of your knowledge of the usual course of the oil wells, I will ask you whether or not there was any hazard in the construction—any financial hazard in the construction of such a line into the oil fields at that time?

A. There is a very material hazard in any phase of the oil business—and much greater than any other line of mining that I know of; even in the construction of pipe lines, which is probably the least hazardous of all, there is a great risk.

Q. Assuming a 10,000-barrel production in the territory reached by the pipe line, as was then developed, was this pipe line—which is before the gushers came in—was there any considerable hazard in the financing of that undertaking?

A. There was a very material hazard in connection with the financing of anything to do with the Midway field for a very long period of time, because the oil operators had it in mind that it was a very spotted proposition. It was not regarded with the same degree of favor in the early days and for some considerable time thereafter that the Coalinga field was. The belief was that the oil existed more in pools or pockets and that whereas you could go in Coalinga over a very well known territory there and be fairly cer-

tain of producing a well anywhere you drilled, that you might go into the Midway field and drill a number of wells without any result, and I think that was borne out by a number of cases that did occur there.

Q. Did you give any consideration to the financing of any pipe line projects into the fields at that time?

A. We discussed the question of a pipe line into the Coalinga field on our own account in the early days of the Nevada Petroleum Company.

Q. Did you consider it a hazardous enterprise?

A. We abandoned it largely for that reason.

Q. Because of the uncertainty of production?

A. Because of the uncertainty of the situation.

715 Q. Would the Producers Transportation Company's pipe line have been justified in building into those fields if it had not secured the pipe line contracts tied to the land that it did secure, or something as good?

A. No, emphatically no.

Q. And in your judgment, could it have financed itself otherwise?

A. Not under any condition.

Commissioner Thelen: Mr. Andrews, may I ask you how many more witnesses do you expect to have in connection with this Producers Transportation Company?

Mr. Andrews: Possibly we may have one more witness.

Commissioner Thelen: Do you think there is any hope of getting through with this and the Union Oil Company this afternoon?

Mr. Andrews: Yes, I do; I think the Union will be short.

Commissioner Thelen: I think it would be well to work together to that end, because the Commission has a tremendous amount of work to do and other cases awaiting us, and while we do not want to shut off anybody we do want to confine this evidence as far as possible within certain limits.

Mr. Andrews: We shall try and I hope that we will be able to finish the three cases we are interested in this afternoon.

Commissioner Thelen: That will be very nice if we can do that. Have you any further questions?

Mr. Andrews: I think that is all.

Cross-examination:

Mr. Heney: Do you explain in any one of the pamphlets the relative value of oil and coal as a fuel?

A. I think you will find a reference to it in probably all three of them.

Q. So that there is no need of questioning you on that subject?

A. No.

716 Q. Have you described any other way in which oil is found, as to its being in reservoirs, for instance, and that pumping from one oil well affects the other?

A. Yes, you will find it there also.

Mr. Heney: I think that is all.

Commissioner Thelen: Very well, call your next witness——

Mr. Heney: Just one moment, Mr. Requa. So far as the pipe lines are concerned, do you see any reason why they would be injured by a policy that would insure them fair rates and fair regulations?

A. The question arises of what is a fair rate and what is a fair regulation.

Q. It will always arise in any matter before the Commission as it did with the railroads.

A. If a pipe line receives a sufficient compensation for its duties, I don't think it will be injured.

Mr. Andrews: It will also have to be insured of a certainty of quantity?

A. Exactly.

Mr. Heney: Do all lines of business in which men put their money get insurance from the state that they will get back the capital they invest as well as a good income on their money?

A. No, but all kinds of business——

Q. Must not a railroad be reasonably sure that there is going to be a sufficient production to furnish freight for it through the country through which it is built?

A. Well, there have been railroads built that found they did not get the freight.

Q. Of course, but if a man wants to take that risk, why, he risks losing his money, doesn't he?

717

A. Yes sir.

Q. Is there any reason why pipe lines being common carriers, and eliminating now the idea of these producers—is there any reason why they should injure oil industries of California if fair rates and fair regulations are made and that is followed up by a fair amount of storage capacity that will enable producers to have their oil taken care of within a reasonable length of time at a reasonable rate?

718

A. I think the thing is loaded with dynamite for the producers. I am of the opinion that in the first place the small producers of oil can not successfully market it. They can very successfully unsettle the market.

Q. The small producer of wine can not make a contract to furnish for a number of years a larger quantity than his plant will admit——

A. Wine is not a necessity; oil is.

Q. Well, coal, or anything else—copper—but are there not some small producers who could, for instance—for instance, take yourself, whom you could have contracted with when you had those 3000 barrels per day, that you could have contracted with with safety?

A. There was no way whereby we could have delivered that oil to them without investing more money than was justified by the conditions.

Q. Yes, but if pipe lines were common carriers and well regulated and had storage facilities provided for, and if you had a reasonable

rate, could not you have contracted for a reasonable amount of oil, out of that oil which you had?

A. I could have probably contracted for a certain quantity of that provided I had pipe lines, storage, ships and distributing facilities consisting of tank wagons and real estate and tanks for the purpose of distribution.

Q. Do you have to own a railroad in order to have a farm up here in the San Joaquin Valley so that you can be sure of making a contract for the grain you raise?

A. Not necessarily; I am afraid that is not analagous though.

Commissioner Thelen: This goes to the question of whether the legislature acted in the pursuance of the best public policy in enacting the statute, and we haven't anything to do with that; the
719 statute is there, and we haven't anything to say.

Mr. Heney: I thought we were concerned with the question of whether it is of public consequence whether the pipe line should be operated as a common carrier.

A. I think it is extremely detrimental to the oil producers of the state if it is operated in that way.

Q. Don't you know that all of those same objections were made a long time ago when they were trying to make a public utility out of a grain elevator, and don't you know that Illinois passed that law 30 years ago?

A. I have never been in the grain business.

Q. Don't you believe that if institutions similar to grain elevators had grown up here, that eventually would have grown if we had had the pipe lines as common carriers from the beginning, that there would be companies in the business of marketing oil even though they had to have ships to market it with and that the producer could sell his oil at reasonable rates?

A. The business is an extremely hazardous one and unless you have large areas there is no inducement to engage in the transportation of the products.

Q. You did sell oil before you owned any steamers, didn't you?

A. I personally never did, no.

Q. Well, your company?

A. Oh, we never owned any steamers.

Q. Yes.

A. We never have owned any steamers.

Q. Well then, you sold it before you owned any steamers, didn't you?

A. We joined the Independent Agency and sold it that way.

720 Q. Didn't sell any oil before you joined the Independent Agency?

A. Not a barrel.

Q. You went into the agency soon after you commenced to produce?

A. Exactly.

Q. Do you know there is no one produced oil that did not go into the agency?

A. They sold out to the Standard Oil Company and there have been a few cases where oil has been sold in small quantities, but the quantity is so small that it is negligible.

Q. Isn't that due to the fact that the Standard and Associated had the control to such an extent by owning the only pipe lines there were in existence, that there was no opportunity for any middle man to develop the business by which he could handle oil, and consequently the producer had no place to go except to the owner of the pipe line?

A. There were very few, if any, producers of oil in this state who had sufficiently large territory——

Q. You did not answer my question, Mr. Requa. Will you make an answer to that.

Commissioner Thelen: Mr. Reporter, read the question.

(Last question read by the reporter.)

A. I should say no to that question.

Commissioner Thelen: Now, you can explain your answer.

A. My reason for that is as I have said, that the large consumers of oil will not contract with smaller companies.

Mr. Heney: What has that got to do with the small consumers of oil—there are thousands of small consumers as compared to the large consumers, are there not? And are there not thousands more coming in every day and do you not hope that thousands more will come in?

721 A. Yes, but——

Q. Well, isn't that correct?

A. There are any quantity of small consumers of oil.

Mr. Heney: That is all.

Redirect examination:

Mr. Andrews: Will the small consumer of oil take a chance on having any shortage of fuel in the contracting of his oil?

A. I think you will find that even among the apartment houses here in town who buy oil in tank wagons that there is sometimes a preference given to the Standard Oil Company for the reason that they believe that under any conditions that might arise they would get their fuel when they wanted it; that is my personal belief.

Mr. Heney: I suppose so.

Mr. Andrews: They want oil and not damage suits for the failure to deliver oil?

A. Exactly.

Q. Is there any analogy between the hauling of wheat and corn and grapes by a railroad, which are replenished year after year—

perennial crops—and the hauling of oil that is constantly diminishing in quantity?

Commissioner Thelen: Just a minute. I don't think you need to answer that question; I don't think it will help to solve the question before the Commission. We will have to treat you both the same, Mr. Andrews, one the same as the other.

Mr. Toland: It has been argumentative for the last 15 minutes, Mr. Commissioner, anyway.

Commissioner Thelen: We have been very patient and I think if Mr. Andrews and Mr. Heney will help us a little we will get through this afternoon.

722 Mr. Heney: Very well, Mr. Commissioner.

Mr. Andrews: That is all.

Commissioner Thelen: This case may be submitted in so far as the Producers Transportation Company is concerned.

Mr. Andrews: Yes.

Commissioner Thelen: Now, will you go ahead with the Union Oil Company, Mr. Andrews.

Mr. Andrews: As to this case, we would desire if it can be so arranged, that the matter might be presented to the Commission as a whole by oral argument sometime which will be convenient to the Commission.

Commissioner Thelen: I think all the Commissioners have given some thought to that matter, and it has occurred to me that it would be well if we could have, after the evidence is all in, have all these companies' argument at one time, let counsel have permission to mass his facts, giving his views, so that we could have an opportunity of his advice and assistance. I haven't taken it up with the other Commissioners, but we will take up the matter later on and notify all parties.

Mr. Heney: Yes, I think all these cases are inter-related and the whole subject ought to be before the Commission at one time, if possible.

Commissioner Thelen: If we could get it before the Commission in the shape of oral argument instead of having briefs filed, we will make headway faster. Now, Mr. Andrews—

Mr. Andrews: In this case of the Union Oil Company of California—

Commissioner Thelen: Well, we will adjourn for a recess of about three minutes and then go on.

(Recess.)

(After Recess.)

723 Commissioner Thelen: Mr. Andrews, you may proceed as soon as you are ready.

Mr. Andrews: In the case of the Union Oil Company of California, we wish to offer as exhibits first, a certified copy of the fourth amended articles of the incorporation of the Union Oil Company of California.

Commissioner Thelen: That may be marked Union Oil Company Exhibit No. 1, and if you will pass them up to the desk, they will be marked.

Mr. Farraher: The amended articles?

Mr. Andrews: Fourth amended articles of incorporation, being the latest. Certified copy of by-laws as they now exist.

Commissioner Thelen: That will be admitted and marked Union Oil Company Exhibit No. 2.

Mr. Andrews: And the marketing agreement between the Independent Oil Producers Agency and the Coalinga Oil Producers Agency and the Union Oil Company of California on the other part.

Commissioner Thelen: That may be admitted and marked Union Oil Company Exhibit No. 3.

Mr. Andrews: I will state to the Commission that the Union Oil Company leases most of its pipe line facilities of two concerns, one of which is a respondent here, the Mission Transportation & Refining Company, and the other, the Union Transportation Company, which were organized years ago, pipe lines were built, and the pipe lines and all the pipe line facilities, the real estate and everything connected with them, leased to and turned over to the Union Oil Company.

Commissioner Thelen: Well, does the Union Transportation Company own any pipe line carrying oil?

Mr. Andrews: I understand that it does; I am not certain.

723½ Commissioner Thelen: Is it a party to this proceeding?

Mr. Andrews: I think not; I am simply stating the conditions as they are.

Mr. Heney: The evidence showed that it is operating this Producers Transportation line, the last witness there, you recollect, the vice-president.

Mr. Andrews: I think you did not catch my statement. There are two original companies, one was the Union Transportation Company, not the Union Oil Company, but the Union Transportation Company, and the other the Mission Transportation & Refining Company, each of which had pipe lines; these pipe lines and facilities were all leased to the Union Oil Company of California, and for many years have been entirely under its control, so that the owning companies have had nothing whatever, and at the present time have nothing whatever, to do, with the operation of the pipe lines; they are simply lessors.

Commissioner Loveland: Then Commissioner Thelen asked you if the Union did not own companies of its own, in addition to those too.

Commissioner Thelen: My question was whether the Union Transportation Company was a party to this proceeding.

Mr. Andrews: I think not.

Commissioner Thelen: Mr. Andrews stated that company owned a pipe line.

Mr. Heney: Does it lease on a nominal rental or is there a substantial—

Mr. Andrews: No, there is a substantial payment.

Commissioner Thelen: Colonel Loveland asks whether the Union Oil Company of California owns any pipe lines of its own.

724 Mr. Andrews: That I will ascertain from the witness; I am not certain about it.

Commissioner Thelen: It may be that later on, after you have presented your evidence, we will desire to make one or the other of these companies parties, and possibly, secure additional information.

Mr. Andrews: The Mission Transportation and Refining Company is appearing as a party and its answer has been filed, and we are entirely willing, if the Commission so desires, to have the same character of answer filed on behalf of the other company if after hearing the matter, it is deemed desirable to have it brought in, or we are willing that the answer on the part of the Mission Transportation and Refining Company may stand also as the answer of the Union Transportation Company.

Commissioner Thelen: Would the facts be the same in connection with each?

Mr. Andrews: The facts, I think, would be the same so far as the pleadings would go; the pipe lines, of course, would be different, and possibly the terms of the leases.

Commissioner Thelen: Well, suppose we leave it in this shape, Mr. Andrews: After you present your evidence we can see more clearly what the situation is, and if, at that time, the Commission considers it necessary, we will ask you to file answer for the Union Transportation Company and file copy of the articles of incorporation.

Mr. Andrews: In a general way—I can perhaps shorten it by making a statement—in a general way, the Union Oil Company of California has pipe lines which it either owns or has under lease, in Los Angeles County running from the Fullerton field to a junction point at Norwalk, and then a branch that runs to San Pedro, and another branch that goes to the city of Los Angeles, and has
725 a line that runs from the Salt Lake field out west of the city 7 or 8 miles into the city; that covers the main pipe lines in Los Angeles County; in Ventura County it has pipe lines running from the coast up to its oil wells; and in Santa Barbara County it has a pipe line that runs from the Santa Maria field up the northern portion of the county and then into San Luis Obispo County, to Port Hartford; while these pipe lines were constructed principally at least by the lessor companies, they were constructed for the purpose of handling the oil of the Union Oil Company of California, and they have been used primarily for that purpose. We have recited that, excepting as to a few individual cases, they have been used exclusively for that purpose, and there are outstanding, as I understand it, in addition to that contract, whatever effect that may have, two or three contracts; one consists of a contract with the Columbia Oil Producing Company, which has a lease of 100 acres of land belonging to the Union and which lease provides for the transportation of the oil that may be produced from that lease-hold through the lines of the Union Oil Company to market, provided the price shall in no case exceed the price for which like transportation can be secured elsewhere; and

that is a lease that runs for some considerable time, probably 10 or 12 years yet, and possibly longer; I do not know just what the time is; there are one or two other contracts that have a short time to run. Now, anterior to these contracts, there *have* been some little oil handled from time to time as accom-odation to producers through the line under contract, but there has been no use of the line generally by producers in any field. Mr. Stewart please. (See Transcript page 382.)

W. L. STEWART, a witness called in behalf of Union Oil Company of California, first being duly sworn, testified as follows:

726 Direct examination:

Mr. Andrews: You are the vice-president of the Union Oil Company of California?

A. Yes sir.

Q. And as such, field manager?

A. Yes sir.

Q. What, if any, main pipe lines does the Union Oil Company own, independent of these leased lines I have spoken of?

A. In answering that question, I would say that, personally, I do not differentiate between the leased lines and the lines that we may own; I do not know definitely that we own anything of that character that is not the property of another corporation which we own; in other words, I think that the lines that we operate are all either the Mission Transportation Company lines or the Union Transportation Company lines.

Mr. Heney: How much of the stock of each of those companies is owned by the Union Oil Company?

A. All excepting what the directors——

Q. Qualified for?

A. Qualified for.

Commissioner Thelen: Will you ask him whether he can segregate between the lines which are the property of the Union Transportation Company and the property of the Mission Transportation and Refining Company?

Mr. Andrews: Can you make such segregation?

A. No, not offhand.

Commissioner Thelen: You can supply that information later, can you not?

Mr. Andrews: We are entirely willing to have them all treated as Union Oil Company property.

727 Mr. Heney: The Union Oil Company owns all the stock of each corporation?

A. Owns all excepting the directors' qualifying shares.

Commissioner Thelen: The only difficulty of the situation is this: The Commission, in preparing its findings, will have to state what the facts are, and I suppose we have to have the facts with reference

to these companies so that we may not be in error when we make our findings.

Mr. Andrews: Then we will supply the Commission with a statement of the property owned by each of the underlying companies. The pipe lines as they are described in this answer—this answer correctly describes the pipe lines that are owned or leased by the Union Oil Company?

A. Yes sir.

Q. And for what uses have those pipe lines been devoted?

A. The transportation of the Union Oil Company's oil, generally speaking.

Q. Aside from special contracts of the character I have mentioned in my statement to the Commission, has the Union Oil Company at any time, or at all, carried oil through its pipe lines for producers generally?

A. No.

Q. Or held itself out as a carrier of oils?

A. No sir.

Commissioner Thelen: Will you ask the witness to give a list of these contracts and a word or two concerning their contents.

Mr. Andrews: The statement that was made concerning the contract with the Columbia Oil Producing Company, was that substantially correct as to that contract and if not will you state the facts about the contract or the transportation of the oil produced from the 100 acres' lease of the Columbia Oil Producing Company?

A. The Columbia Oil Producing Company leased 100
728 acres of the Union Oil Company's property, and in the transaction, agreed that, if the production could be moved in the direction that the Union Oil Company's pipe line could move it, it would move by that means.

Commissioner Thelen: Are there any other contracts of a similar character outstanding?

A. Well, we have one or more contracts for the transportation of oil, one in particular with Mrs. Somers in Southern California, which was originally a ten year agreement, providing for her delivery to the line of 20,000 barrels a month, as I recall it, for a period of ten years, and we in turn, were to deliver in Los Angeles.

Q. And from what field is that?

A. That is in the Fullerton field.

Q. Now, what other contracts, if any, are there?

A. I do not recall any that are outstanding.

Mr. Andrews: On this list that I have just found, I see a contract with Albert M. Stevenson and others for 10 years from January 1, 1908.

A. There is no agreement in that to transport his oil through our line; that is an option to him to transport through our line; that is an agreement that was made in connection with our securing from him a lease of a piece of ground for tankage and pump-house pur-

poses, and a part of the consideration for that lease, as I recall it, was that we would, on demand, transport his production to the city of Los Angeles for the going price for transportation,—not more than 7 cents a barrel, I think.

Q. From what field was that?

A. That was from the so-called Salt Lake field.

Q. So far as you know, those are the only existing contracts for transportation of oil by the pipe line?

A. Yes sir.

729 Commissioner Thelen: Mr. Andrews, can you supply copy of each of those contracts?

Mr. Andrews: Yes, we can. The last, with the Columbia Oil Producing Company, is a very long document; if we could supply an abstract containing that portion.

Commissioner Thelen: We will give you enough time to make a copy, a week or ten days; I think it would be more satisfactory if we had a copy of the complete contract or lease. Mr. Andrews, Colonel Loveland draws my attention to some of the allegations contained in paragraph 4 of the answer filed by the Union Oil Company, and I would just like to refer to that so that we may know just what the significance of the allegation is; paragraph 4 says, "That this respondent has never at any time, or at all, made, charged, or received any through rate, or any rate whatever, for shipment of oil through either of any of its pipe lines, to and for the public, nor does it transport any oil through either of said pipe lines for anybody excepting itself"—and now comes the portion of the sentence concerning which we have our inquiry, "excepting only that it has transported and does transport crude petroleum oil in the excess capacity of said Los Angeles County and said Santa Barbara County pipe lines,—remaining after all of the requirements of this respondent have been met,—under private contract, or specific terms for a reasonable compensation," and so on.

Now, does that allegation refer to these three contracts, or does it refer to some other situation in addition to those?

Mr. Andrews: As to existing contracts, Mr. Stewart, the allegation that has just been read, does that refer to the three contracts we have made statement of?—In short, are there any other contracts than these to your knowledge?

A. No.

730 Q. And the oil that is transported on these contracts, does that at any time take precedence over your own oil in the movement?

A. No, we receive the oil the same as we would receive our own and we deliver such oil as we have in our tanks at the time it is called for.

Q. Then the oil that you deliver is not the oil you receive?

A. Not necessarily; it may or may not be; it is just oil.

Q. It is just oil.

Commissioner Thelen: Do you deliver—that is, do you transport any oil for other people without contract?

A. No.

Q. We are trying, Mr. Stewart, to get the whole story with reference to any oil which you may transport for people other than yourselves?

A. Yes.

Q. Now, you have referred to three contracts. Your answer here would seem, or at least, lead to the inference that there might be some other oil which you transport for other people.

A. Well, you will understand that we have transported other oil but always under specific contract.

Mr. Andrews: Are you now handling any oil for others excepting on these three contracts?

A. No.

Commissioner Thelen: Well, will you explain that a little, your statement that in times past you have transported oil for other people?

A. Yes, we have just completed a three year agreement with the Associated or Amalgamated Oil Company for the transportation of oil from that same field to the City of Los Angeles; 731 some years ago we had a contract with the Turner Oil Company for the transportation of their oil, or some of their oil, from the Whittier field into Los Angeles; also some years ago, we had a contract for the transportation of oil produced in the Whittier-Fullerton field by Graham and Loftus, and which we delivered to them in Ventura county; I don't recall the consideration; that was a peculiar transaction, in that the oil did not travel through pipe line all the way to its destination; that is, the oil from the Whittier-Fullerton field; we merely exchanged oil, as a matter of fact; we took the oil from Whittier and Fullerton field and delivered them Ventura county oil.

Q. Now, were there any other contracts?

A. Well, in years long past we transported oil in Coalinga, from the Coalinga fields to Oro station, for a consideration, through lines which have since then been removed.

Mr. Andrews: That was through the Pioneer pipe line, was it not?

A. The Pioneer and the Union Oil; there were two lines.

Commissioner Loveland: Then the language of paragraph 4 of your answer here, where you say "Has transported and does transport,"—the words "does transport" means these contracts which Mr. Thelen is developing?

A. Yes.

Q. And "has transported" might refer to those you have just mentioned?

A. Yes.

Mr. Andrews: Have you at any time taken for transport or agreed to transport for anybody, under any contracts, oil which, in quantities, added to your oil, would be in excess of the capacity of your pipe line?

731½ A. No.

Q. So that you have at all times first provided for your own oil?

A. Yes sir.

Commissioner Thelen: Mr. Andrews, while you are passing on to other portions of the answer, I would like to draw your attention to the fact that the allegations in paragraph 1 of the answer, with reference to pipe lines which the Union Oil Company owns or leases, are rather general, for instance, first "Pipe lines in Los Angeles County, California, consisting in part of 6 inch oil pipe lines, and in part of 8 inch oil pipe lines." Now, when you file your additional memorandum, can you describe those lines in detail so that we can make our findings concerning them, because it is very evident we can not make accurate findings on general allegations such as that.

Mr. Andrews: Can you tell us, Mr. Stewart, of the different pipe lines, what size there is?

A. No. I presume the Commissioner desires a picture of this line, and that can be readily furnished in the shape of a map indicating which is 6 and which is 8.

Mr. Andrews: Then we will file such maps with the detailed information.

Commissioner Thelen: Yes, together with statement in black and white of each individual pipe line, from where and to where
732 it runs and what its length is.

Mr. Heney: And size.

Commissioner Thelen: Yes, and the size.

A. Yes sir.

Mr. Andrews: Were these pipe lines constructed for purposes and uses of your company?

A. Yes sir.

Q. And are they necessary and have they been necessary for its uses?

A. Yes sir.

Q. And will they continue to be necessary for its uses.

A. I hope so.

Q. And could you successfully conduct your business in the various fields reached by them without the use of these lines?

A. No sir.

Q. Or, if the lines were devoted to other uses, so that you could have only a partial use of them, which partial use would be in excess of the excess capacity of the pipe line?

A. That would depend on our contract requirements, for we aim to carry considerable storage available to the oil along the line, and we might temporarily back up our own oil without inconvenience, assuming that our contracts could be supplied from the oil that was then at its destination, or that we could get through the line in conjunction with other oil, but if that were not the case, then certainly we would suffer to the point of extreme disaster.

Q. Your company has large oil producing territories and you do produce oil in large quantities?

A. Yes sir.

Q. In subdivision 5 of the answer you have stated that at various places these pipe lines cross or are upon public highways; 733 that is correct, is it?

A. Yes sir.

Q. And also that a portion of the pipe line in Santa Barbara County is on the right of way of the Pacific Coast Railway Company and a portion of the Los Angeles line on the right of way of the Santa Fe?

A. Yes sir.

Q. Is there any arrangement or understanding or agreement in connection with the use of those rights of way for the pipe line that in any way affects, directly or indirectly, the marketing or transportation of your oil, or the prices you would receive for either?

A. No sir.

Q. The lines simply are placed there as a matter of convenience, which the other people are willing to concede?

A. Yes sir.

Q. Now, did your company at any time, or either of these companies at any time attempt to exercise the right of eminent domain, or did you condemn any rights of way for your pipe line?

A. No sir.

Q. Have you contract obligations for the delivery of oil transported through this line that necessitates the use of the lines for the fulfillment of the contracts—the use of the lines by you—your company—for the fulfillment of your marketing contracts?

A. Yes, absolutely.

Mr. Andrews: I think that is all.

Cross-examination:

Mr. Heney: Are you the general manager of the Union Oil Company, Mr. Stewart, or of any department of it?

A. We have so called executive department and my title is manager of executive department.

Q. Does that department have to do with the sales agency 734 matters.

A. Yes.

Q. Do all the oils of the Union Oil Company go into the Independent Agency?

A. Yes sir.

Q. And do you handle the sales, the looking for markets and making of contracts, and so forth?

A. Yes sir.

Q. That is all done by you individually?

A. No, we work through an organization.

Q. Oh yes, you have a sales organization and send men out and so forth?

A. Yes sir.

Q. And who finally passes upon contracts?

A. We have a so called arbitration committee, which is development or part of the agency—sales agency agreement—composed of four individuals, two nominated by the Union Oil and two nominated by the Agency; in practice, the matter is largely left to Mr. St. Clair and myself; we pass on the contracts that are up for consideration.

Q. Who are the two representatives of the agency?

A. Mr. St. Clair and Mr. Morshead.

Q. The two for the Union are yourself and who else?

A. Mr. Schlater, the manager of our northern department.

Q. Have you at any time had any exchange contracts for exchange of oil with the Associated Oil Company?

A. I do not recall any that I would classify as such, no sir.

Q. I mean, such as taking oil from them at one point and delivering them another kind of oil at another point in exchange.

Commissioner Thelen: I understood you to testify, Mr. Witness, that you had had an agreement with the Amalgamated Oil
735 Company and I was not sure whether you said "or Associated Oil Company."

A. I said Amalgamated or Associated; I consider them the same.

Commissioner Thelen: Is that the agreement to which you refer, Mr. Heney?

Mr. Heney: I really am seeking information; I had that statement of his in mind and I was not sure either; your reply was "Associated or Amalgamated," and I did not know whether Amalgamated was owned by the Associated.

A. It is my understanding it is controlled by the Associated and I think of them as the same, but the contract might run to one of them or the other.

Mr. Andrews: That is just a pipage contract, is it not?

A. Just a pipage contract. I believe that will be submitted here.

Mr. Heney: That is all you have, that you know of?

A. Now, would you call that an exchange contract?

Mr. Heney: I did from your statement of what happened, that you took oil at one place and delivered another oil at another place.

Commissioner Loveland: That referred to oil he took from the Fullerton district and gave them Ventura Oil.

A. That was the Graham & Loftus instance I referred to.

Mr. Heney: Have you ever had any contracts with the Standard Oil Company?

A. Well, we have sold the Standard some oil and we have purchased some oil from the Standard Oil Company, but there was no transportation involved in any of that.

Q. Now, do you ever have any meetings with a representative or any representatives of the Standard, of the Associated, and discuss the question of oil prices?

A. I never have with the Standard; with the Associated,
736 yes, frequently.

Q. And discussed prices at the fields as well as market prices?

A. Well, it is generally the market end that has been contemplated. You will understand that the Associated Company is a de-

velopment right in our midst, we have grown up with it, we have known all the people that were in it from the start, and we have been very intimately connected in one way or another, largely as competitors.

Q. Originally it was not owned—the Southern Pacific did not own a majority of its stock?

A. Originally it did not own any of it, and as a matter of fact, our company had a considerable interest in one company that was part of the organization originally.

Q. A subsidiary of the Associated?

A. No, one of the companies that was absorbed in the process of making the Associated.

Q. And did you retain any interest in the Associated Oil Company as stockholder?

A. No, we have no interest now; we held it for several years, I do not know for how long.

Q. Haven't had for the past 4 or 5 years?

A. No.

Q. Were you one of the original incorporators of the Union Oil Company?

A. No sir.

Q. When did you come into it?

A. 1894.

Q. I have in my hand what purports to be an annual report of the Union Oil Company of California for the year ending December 31, 1912; I take it that you are familiar with this report, that is, you have seen it?

737 A. Well, I am not certain whether I have; what is the—

Commissioner Thelen: Suppose you show it to the witness.

Mr. Heney: Yes. (Handing to witness.)

A. Oh, I know there was a report gotten out and I doubtless saw it.

Q. I notice there is one page in there where it says something about a report from you, "Extracts from report of Executive Department, W. L. Stewart, Manager."

A. Yes sir.

Q. Could you furnish the Commission with a copy of that report?

A. Yes, certainly.

Mr. Heney: I think there is some information in it the Commission would like to have.

Mr. Andrews: That is, bearing on these pipe lines?

Mr. Heney: Yes.

Commissioner Thelen: What is the nature of the information, Mr. Heney?

Mr. Heney: It refers to the Producers Transportation line and it also refers to the markets which it has created and where they are, Chile, Peru, Hawaii, Canada, Panama, Oregon, Washington and so forth, and has quite a lot of general information I think the Commission would be very glad to have, and also in regard to its pipe lines.

Mr. Andrews: Yes, we will be glad to supply the Commission with a copy of this report.

Mr. Heney: And as to ships and so forth, all of which has a bearing on the question.

Mr. Andrews: If you might, Mr. Heney, point out the particular parts that have bearing on the pipe line, that we may question Mr. Stewart in regard to that.

Mr. Heney: The only point I see here on the pipe line is
738 on page—the pages are not numbered; there it is (indicating to counsel).

Mr. Andrews: I think the only reference here to pipe lines is to the Producers Transportation Company. We will be glad to supply the Commission with a copy of the report.

Commissioner Thelen: Very well, Mr. Andrews, are you taking a copy of the transcript?

Mr. Toland: Yes.

Mr. Andrews: Yes.

Commissioner Thelen: Well, in going over that, you will be able to check up these various documents which you are to supply.

Mr. Farraher: Have you folks the original articles of incorporation? These are the fourth amended articles; have you the original articles?

Mr. Toland: See what the date of those is.

Commissioner Thelen: The articles which are filed, and which are marked Union Oil Company's Exhibit No. 1, are dated March 26, 1904.

Mr. Toland: That is 9 years ago.

Mr. Farraher: I think the Commission would be interested in having the original articles; I see the answer here states, (reading). The constitutional provision adopted in 1879 makes these companies common carriers, and I think, if the articles have been changed in that respect, the Commission should know it.

Commissioner Thelen: Have you ever seen the original articles?

Mr. Farraher: I have not.

Mr. Andrews: We haven't them; they, of course, are on file and procurable.

Mr. Farraher: If the purpose of the corporation was changed as originally declared, I think it would be quite material for
739 the Commission to have those articles.

Mr. Heney: Certified copies could be obtained from the Secretary of State.

Mr. Toland: I should think, unless the Commission requires it, inasmuch as this is in the nature of a search for information on the part of these gentlemen, they should get them themselves; if the Commission requires it, we certainly will be glad to produce them; these go back nine years before the relation of these gentlemen to these propositions were thought of.

Mr. Heney: We do not want any of the information at all, if the Commission does not want it.

Commissioner Thelen: The Colonel and I both think there is some justice in the position of Mr. Andrews and Judge Toland, Mr.

Farragher; if you desire to secure copies from the secretary's office, we will admit them in evidence, but we do not consider it necessary to have them put them in.

Mr. Toland: It was organized in the earlier 90's in Ventura County and it is quite a search to go back and get them; they have been amended four times.

Commissioner Thelen: Now, Mr. Heney, have you further questions?

Mr. Heney: No, I think that is all.

Mr. Andrews: The oil that is transported through these pipe lines, is that oil that is covered by marketing agreement with the agency,—the fuel oil that goes through these pipe lines?

A. Excepting as to the oil that is under contract to be transported by us merely as a transportation transaction.

Q. That is these three contracts that have been referred to?

A. Yes.

Commissioner Thelen: Mr. Stewart, has your company secured any franchises from any county authorities authorizing the
740 companies to cross public railways?

A. Yes. I don't know particularly to cross public highways, but travel along them.

Q. To lay your pipes along them?

A. Yes sir.

Mr. Andrews: We have here a whole bundle of original franchises, a whole flock of them, I don't remember or know of any that were secured under the Broughton Act; I think they are all old.

Commissioner Thelen: I really think they ought to be in the record. You may withdraw originals later on, on the substitution of copies, if you desire to do so.

Mr. Andrews: We will have copies made and have our secretary certify to the correctness of the copies.

Commissioner Thelen: That will be sufficient.

Mr. Andrews: I suppose that anywhere where the pipe line runs along the road for any considerable distance it is covered by a franchise probably, or permit, or some form of authority.

Commissioner Thelen: Your answer, Mr. Stewart, alleges that you use the right of way of two railroads, one of them the Pacific Coast Railway Company and the other the Santa Fe Railway Company at certain points. Are there any outstanding contracts in connection with the use of right of way?

A. Yes sir.

Q. Could we have copies of those also, Mr. Stewart? We are asking for this information for all the companies; it is not as though we are singling you out, but we are trying to secure from all companies copies of franchises and contracts for right of way, if there are any.

A. We are very glad to furnish anything we have. I think that it is a subject with a good many ramifications that are a little different from other lines of business.

741 Q. We know the subject is full of difficulties, Mr. Stewart; we have no choice in the matter, when the legislature passed these acts, and it is the duty of the Commission to enforce those acts as to those companies which the Commission defines as coming under the acts; of course, whether the statutes are constitutional or not is a question which might cause some of us a good deal of worry before we are through, but the Commission sees its duty and must perform it, so we must ascertain the facts as to these companies and then determine which come under our jurisdiction and which do not. Now, can you give the Commission information as to the annual amount of oil that is handled by your company through its pipe lines; I do not refer to the Producers Transportation Company now but the Union Oil pipe lines.

A. I think this statement that Mr. Heney was just speaking of states in there that we handled 20,000,000 barrels last year, and that includes the Producers Transportation Company's handlings. The Producers Transportation Company's statement is also on file here and that states what is handled.

Commissioner Thelen: Then we could ascertain from that information and from other testimony already in the record what proportion or percentage of the oil that is produced in the state is handled through your pipe lines?

A. Yes sir.

Commissioner Thelen: Could you give to the Commission that information off-hand? You probably know about what the percentage is.

A. Last year, as I recall it, there was about 80,000,000 barrels of production, and 25 per cent, therefore, would be about—satisfy our total handlings.

Mr. Andrews: In the Producers Transportation Company?

742 A. The Producers Transportation Company, yes sir.

Commissioner Thelen: I have no further questions.

Mr. Andrews: Have there been offerings by the various producers or by producers in the field, of oil with the request that transportation otherwise than in the contracts you have outlined—has there been any demand, in other words, for the use of this line?

A. I didn't understand that last question.

Q. I say, has there been any demand on you for the use of these lines other than that covered by contract?

A. No.

Mr. Andrews: I think that is all—there is so much that is of general interest in this case that has been gone into before in the other cases, that if it may all be considered with reference to this case—

Commissioner Thelen: We will have to consider the evidence, I assume, in all of these cases with the others, because there is such an inter-mingling of the companies—

Mr. Andrews: Of course, with the Producers and the Union and the Transportation Company case there is such a blending that it is practically all one case.

Mr. Toland: That does not relate to the dis-associated companies?

Commissioner Thelen: I suppose it is a question of which are associated and which are dis-associated.

Mr. Toland: Well, we have nothing to do with the Standard, I am sure, or with the Graciosa nor the Associated.

Mr. Andrews: Nor the General Pipe Line Company.

Commissioner Thelen: We won't judge you by the sins of anybody else if anybody else has committed any sins.

Mr. Toland: We were trying to see how far we should be
743 required to attend here. We are interested to the extent of keeping track of the hearings, and we are going to be bound by the testimony—of course, there are no pleadings—

Commissioner Thelen: The matter presents itself like this, Judge Toland: I suppose later on that when we come to investigate the Standard and some witness is on the stand and has been asked about the Standard, and suddenly somebody asks him about something concerning your companies, he may answer and it may have a material bearing, so I am afraid that there might be something of that kind which will come up in those cases, in those other hearings before us.

Mr. Andrews: If on reading the transcript we find anything that should be cleared up, I think we should be allowed to do that.

Commissioner Thelen: Oh, certainly you will be allowed to do that. For instance, this morning testimony came out concerning the Associated Oil Company and Mr. Tauszky was here—you represent that company, don't you Mr. Tauszky?

Mr. Tauszky: Yes, but I did not understand that these cases are inter-related in the sense that each party is a party to every other case. I certainly do not understand that I would have any right to interpose any objections or to participate in the examination of any witness produced for or against any other companies than those I represent. There was certainly a great deal of hearsay evidence presented here in which the name of the Associated was mentioned. I listened to that all with interest, but I paid no attention to it officially, you might say, because I did not consider that I had a right to participate in any case but that of the company I represented. Now, when we come to present the case of the Associated, if it is desired to present this same evidence as against the Associated

I should like very much to have the opportunity to cross-
744 examine, but certainly when counsel in the presentation of the cases, these other cases, goes over such a wide field as they have done here—such a wide range of questions, I did not understand that counsel for every other company is entitled to participate or required to participate in the examination.

Commissioner Thelen: You may ask any questions you wish; certainly you have the right to do that, and in going over the transcript, anything that has been brought out which affects your company and you think prejudicially, you have the right when you present your case to present other evidence but on the other hand we are not saying that this case—there is some very pertinent evidence coming out here concerning these other

companies but we cannot consider it because it happened to come out when we were engaged in another proceeding—

Mr. Tauszky: I want to say, so far as I personally am concerned—the Producers Transportation Company—because I am interested not because I am acting as counsel in the presentation of it—but take the case of the Producers Transportation Company: The company went to great length and endeavored to show that its line is not needed as a public carrier, that it is not of public consequence. You have gone over an extensive field and the testimony has a wide range. Counsel for the Standard has not been here; counsel for the General Petroleum Company has not been here and counsel for other parties has not been here. Now, if counsel for each party whose name happened to be mentioned was free to interrupt and participate in the cross-examination, there never would have been an end to the inquiry—

Commissioner Thelen: Well, that depends on how lenient the Commission was.

Mr. Tauszky: But the Commission was very liberal in permitting them to give opinions and allowed the testimony to be very wide, to cover a wide range, and allowed witnesses to make statements which were based on rumor and on common report and not on their own knowledge.

Commissioner Thelen: This is all a single investigation, Mr. Tauszky; there is just one number to it and it is one single investigation, and while for the purposes of convenience we are taking up these companies one by one, trying to confine the inquiry as far as we can to those certain companies, I am afraid we will have to consider the subject as a whole, and if we find pertinent evidence under the “A” company that happens to apply to the “B” company, I am afraid we will have to consider it.

Mr. Tauszky: I appeared here on the order—in response to the citation to show cause, on the 4th of the month, and I was practically dismissed until the 19th. Suppose I had not been here at all during the presentation of this evidence, would the Commission hold that it was the duty of each company cited here to show cause to be in constant attendance during the presentation of the cases of the other companies? There are at least a dozen companies and the order to show cause was directed to each of them on its own *ac*-account, and not as a combination, not as a joint matter, joint defendants, so to speak, or respondents.

Commissioner Thelen: I think that a desire for enlightenment and self interest on the part of these companies would cause them to be represented by counsel. We certainly would not refuse them the right of cross-examination.

Mr. Tauszky: Now that I understand it, of course, I shall ask permission later after I read through the transcript, to meet any such matters presented here which affect the companies I represent.

Commissioner Thelen: You will be given the fullest opportunity to do that, Mr. Tauszky. Now, are there any further questions of this witness?

Mr. Andrews: The Mission Transportation & Refining Company Mr. Stewart—has that in any way been actively engaged in the pipe line business or had anything to do with the pipe line business in recent years? Did it ever have anything to do with that other than to own pipe lines?

A. Nothing—it is not.

Q. Is the same state of facts true respecting the Union Transportation Company?

A. Yes sir.

Q. And the entire pipe line operations have been conducted by the Union Oil Company?

A. Yes sir.

Q. So that the Commission will be fully advised, was it not the case that these two companies, the Mission Transportation Company and the Union Transportation Company were organized for the purpose of creating a bonded indebtedness for the building of these pipe lines and other like purposes, and that they were simply subsidiaries of the Union Oil Company, created for that purpose, to take a segregation of that portion of its property?

A. These companies were organized to take over certain properties of the Union Oil Company in order that those properties might be mortgaged to supply funds to carry on the work of the Union Oil Company.

Q. And that is the real function that they serve?

A. Yes sir.

Q. And in reality they are the agents or instrumentalities of the Union Oil Company?

A. Yes sir.

Q. And there are still outstanding the deeds of trust against these properties?

A. Yes sir.

Q. And mortgages and the bonds secured by them?

A. Yes sir.

Mr. Andrews: I think that is all.

Mr. Heney: That is all.

747 Commissioner Loveland: Mr. Andrews, before this witness retires, in the examination before Commission Edgerton yesterday, was the matter of the feasibility and practicability of transporting oil of different specific gravities in the same pipe line taken up?

Mr. Andrews: That was thoroughly gone into and we will submit certain schedules respecting that, and respecting our experiments and the results of that in that regard.

Mr. Heney: Yes, your Honor, that was gone into by Mr. Clark, who had charge of the operation of the pipe line, gone into quite fully.

Mr. Andrews: And then the invitation was extended, as we will repeat the invitation now, to the Commission, either as a whole, or such members as will find it convenient, that at their convenience they visit our pipe line and the Producers Transportation Company

was referred to in that case, but now I suggest as to any or all of these pipe lines, and go over them with our engineer and our manager and secure any information we are able to give you in regard to the pipe lines and in regard to the operation of them.

Mr. Heney: It appeared that certain light oils had been pumped through separately, and they are to file their reports on that. Data was kept regarding it during the year, and several years.

Commissioner Loveland: That is a matter that both Commissioner Thelen and I are interested in, and I asked Commissioner Edgerton to develop it, and I wanted to know if he had done so.

Mr. Heney: Yes, very fully.

Commissioner Thelen: That is all. Have you any further witnesses?

Mr. Andrews: I understand that if we will consider the testimony in this case together with the testimony in the other cases, that that will be all.

748 Commissioner Thelen: Very well, that will be done.

Mr. Heney: I was just going to ask Mr. St. Clair one or two questions in the way of summing up questions.

Commissioner Thelen: Mr. St. Clair, you are in demand. Will you resume the stand, please?

L. P. ST. CLAIR, resumes the stand.

Cross-examination resumed:

Mr. Heney: As you understood it at the time the agency was formed, the condition existing at the time, in regard to the marketing of oil as far as the producers were concerned, was such that in order to save itself from bankruptcy it was necessary to get together and work out some certain means of getting the oil to market and of getting a better price, is that correct?

A. Yes, generally speaking, that is so.

Q. And the purpose—the original purpose of the organization—has that been continued up to the present time?

A. Yes, it has.

Q. And there is no objection to any independent producer in those fields joining the agency?

A. None whatever. We always solicited the membership of every producer in the organization. Have always done so, and—

749 Q. Is there any arrangement by which, if the supply offered by the members of the agency to the transportation company exceeds the capacity of the lines, that the shipments shall be pro rated in so far as the producers are concerned, and each one treated the same as the other?

A. Yes, the oil is taken ratably.

Mr. Andrews: Which is all provided for in the transportation contracts?

A. Both in the transportation contracts and the Agency contracts.

Q. Relating to the members of the agency?

A. Yes.

Mr. Heney: That is all.

Mr. Andrews: That is all.

Commissioner Thelen: I want to say, both for Commissioner Loveland and myself, that we are deeply indebted to you gentlemen for helping us to get through. There was a time when it seemed hopeless. We will now adjourn.

(The Commission thereupon adjourned.)

(See Transcript, page 411.)

750

Dec. No. 2042.

Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance by Oil Pipe Lines with Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations, and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Pillsbury, Madison & Sutro, for Standard Oil Company.

Edmund Tauszky, for Associated Oil Company.

Edmund Tauszky, Stanley Moore and H. C. Booth, for Associated Pipe Line Company, Salt Lake Oil Company of California and Amalgamated Oil Company.

T. O. Toland, L. W. Andrews and Paul M. Gregg, for Producers Transportation Company.

T. O. Toland and L. W. Andrews, for Union Oil Company of California, Puente Oil Company, Mission Transportation and Refining Company and Columbia Oil Producing Company.

Chas. W. Slack and E. L. Weil, for General Pipe Line Company of California.

Paul M. Gregg, for Pinal-Dome Oil Company.

L. A. Phillips, for Coast Oil Transport Company, Refining and Producing Oil Company and Graciosa Oil Company.

Geo. W. Lane, for Independent Oil Producers Agency.

John Martin, for Midway Gas Company.

A. I. Hilborn, for Palmer Union Oil Company.

J. T. F. Bayertz, for Murphy Oil Company.

T. O. Turner, for Pacific Pipe Line Company.

Francis J. Heney and James A. Farragher, for Independent Oil Producers and Consumers League.

Opinion.

By the COMMISSION:

This is a proceeding on the Commission's own motion to determine whether certain oil pipe line companies are common carriers and

751 public utilities subject to the provisions of the Public Utilities Act. This proceeding was instituted as a result of the passage of Chapter 327 of the Laws of 1913, which statute is here inserted in full:

"An act declaring certain corporations, individuals or association of individuals engaged, directly or indirectly, in the transportation of crude oil or petroleum or the products thereof, for hire or otherwise, to be common carriers and public utilities and subject to the provisions of the act known as the public utilities act of the State of California, approved December 23, 1911.

(Approved June 4, 1913.)

The people of the State of California do enact as follows:

Section 1. Every private corporation and every individual or association of individuals:

(a) Owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment within the State of California for the transportation of crude oil or petroleum or the products thereof, either directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid, given, extended or received, directly or indirectly, for such transportation, or engaged, directly or indirectly, in the business of so transporting the same; or

(b) Owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof, directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid or received, directly or indirectly, for such transportation, and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway, and in favor of whom the right of eminent domain exists; or

(c) Owning, operating, managing or controlling, directly or indirectly, any pipe line or pipe lines, or any part of any pipe line or pipe lines, plant or equipment, or any pipe line system or any part thereof, for the transportation, directly or indirectly, to or for the public, for hire or otherwise, of crude oil, petroleum or products thereof, and which said pipe line, or pipe lines, or plant or equipment, or system, is, or are, constructed, operated or maintained across, upon, along, over or under the right of way of any railroad corporation or other common carrier required by law to transport crude oil, petroleum or products thereof as a common carrier; or

(d) Owning, using, operating managing or controlling, directly or indirectly, or participating in the ownership, use, operation, management or control, directly or indirectly, under lease, contract of purchase, agreement to buy and sell, or other contractual or tacit agreement or arrangement of any kind or character whatsoever, of any pipe line, or pipe lines, or any part of any pipe line, or pipe lines, plant or equipment, or pipe line system, or any

752 part of any pipe line system, for the transportation of crude oil, petroleum or the products thereof, of and from, or of, or from any oil field or place of production within the State of California, to any distributing, refining, or marketing center or reshipping point therefor within said state, whereby, or under, or through which, directly or indirectly, such corporation, or any corporation or association of corporations, or individual or association of individuals secures, or is enabled to secure, or attempts to secure, or tends to secure, the control of, or monopoly of the purchasing of, or the control of, or monopoly of the transportation of such crude oil, petroleum or the products thereof;

Is hereby declared to be a common carrier and subject to the provisions of the act known as the 'Public Utilities Act,' approved December 23, 1911.

Sec. 2. Every corporation organized and existing under the laws of the State of California or under the laws of any other state to transport, or to engage in the business of transporting, within the State of California, any crude oil, petroleum or the products thereof, or for the purpose of acquiring, constructing, leasing, owning, maintaining or operating, directly or indirectly, or of controlling or participating in the control of any pipe line or pipe lines with pumping station or stations, or other appurtenant equipment or plant constructed and maintained, or to be constructed or maintained for the transportation of crude oil, petroleum or the products thereof, actually engaged or engaging in such operation or transportation, directly or indirectly, or shares, directly or indirectly, in the business of such operation or transportation, is hereby declared to be a common carrier and subject to the provisions of the 'Public Utilities Act' of the State of California, approved December 23, 1911.

Sec. 3. Any pipe line constructed, acquired, owned, operated, maintained, managed or controlled by any private corporation or individual or association of individuals for any of the purposes or under any of the conditions specified in section 1 or section 2 of this act, is hereby declared to be a public utility and subject to the provisions of the 'Public Utilities Act' of the State of California, approved December 23, 1911.

Sec. 4. If any section, subsection, sentence, clause or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act. The legislature hereby declares that it would have passed this act and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases be declared unconstitutional.

Sec. 5. The provisions of this act are not to be construed as applying to any corporation, individual or association of individuals where the nature and extent of their business is such that the public needs no use in the same, and the conduct of the same is not a matter of public consequence."

753 The order instituting this proceeding was made by the Commission on August 11, 1913. That order referred to the passage of Chapter 327 of the Laws of 1913 and stated that it was

now the duty of the Commission to determine what corporations, associations and individuals are subject to the provisions of that Act, and to require such corporations, associations and individuals to comply fully with the provisions thereof. The order then stated that after a preliminary investigation it appeared that certain specified corporations may possibly be subject to the provisions of said Act, and ordered such corporations to appear before the Commission at a specified time and place "to show cause why the Railroad Commission should not make its order requiring each of said Companies to file with this Commission schedules of their rates and charges for the transportation of crude oil and petroleum or the products thereof, and their rules and regulations in connection with such transportation, and otherwise to comply fully with said Chapter 327 of the Laws of 1913." The following Companies were named in this order:

Standard Oil Company.
Producers Transportation Company.
Associated Oil Company.
Union Oil Company of California.
General Pipe Line Company of California.
Pinal-Dome Oil Company.
Puente Oil Company.
Central Oil Company.
Home Oil Company.
Graciosa Oil Company.
San Luis Obispo Company.
Refining and Producing Oil Company.
Coast Oil Transport Company.
Mission Transportation and Refining Company.
Associated Pipe Line Company.
Salt Lake Oil Company of California.
Amalgamated Oil Company.
Central Oil Company of Los Angeles.
Palmer Union Oil Company.

To this list the following Companies were added and brought into the proceeding by subsequent orders of the Commission:

Columbia Oil Producing Company.
Murphy Oil Company.

754 Pacific Pipe Line Company.
Midway Gas Company.
Independent Oil Producers Agency.

San Luis Obispo Mutual Oil Company.
Pinal-Dome Refining Company.
Bard Oil and Asphalt Company.

In response to this order the Standard Oil Company, on August 14, 1913, filed with the Commission complete schedules of rates and regulations for the transportation of oil through all of that Company's lines in the State of California. The Company stated that it would, after August 10, 1913, engage in the business of transporting crude oil or petroleum through its pipe lines as a common carrier. These schedules were filed and the system operated as a com-

mon carrier, however under protest against the reasonableness or validity of Chapters 285, 286 and 327 of the Laws of 1913, being the so-called oil pipe line statutes.

On August 27, 1913, in the case of Kern Trading and Oil Company and Associated Oil Company vs. Associated Pipe Line Company, Attorney General, Railroad Commission et al., a temporary restraining order was obtained from the District Court of the United States in and for the Northern District of California enjoining the Associated Pipe Line Company from complying with the provisions of Chapters 285, 286 and 327 of the Statutes of California for the year 1913, and also enjoining the other defendants, including the Railroad Commission, from enforcing, against that Company the provisions of any of these Statutes. The constitutionality of these Statutes, including Chapter 327 under which this proceeding of the Commission is instituted, was challenged in that case upon several grounds. On September 14, 1914, Circuit Judges Gilbert and Morrow and District Judge Dooling, speaking through the latter, rendered their final decision in the case. The Court declined to hold that any of these Statutes were unconstitutional and refused to enjoin the Associated Pipe Line Company from complying with the provisions thereof. Inasmuch, however, as the bill of complaint averred that the penalties provided for noncompliance with 755 these statutes and the license fees prescribed by Chapters 285 and 286 were so severe as to deter the Companies from testing the constitutionality of these statutes by the ordinary procedure in the State Supreme Court, the Federal Court enjoined the Attorney General, the Railroad Commission and its Attorney from enforcing against the Associated Pipe Line Company any of the penalties or licenses, except the primary fee of \$250.00 which, under these statutes, "have accrued or may accrue at any time before the validity of said pipe line acts *have* been finally passed upon by the Courts of the State of California."

A number of hearings have been held at which testimony has been introduced before the Commission upon the question whether the Companies which are parties to this proceeding come within the provisions of Chapter 327 of the Laws of 1913 and are subject to the Public Utilities Act. This case is now ready for the findings and order of the Commission.

The record in this case shows that certain of these Companies are not engaged in the transportation of any crude oil, petroleum or the products thereof. It is not necessary, therefore, to further consider such Companies. The record shows and we find as a fact, that the remaining Companies, namely, Standard Oil Company, Producers Transportation Company, Associated Oil Company, Associated Pipe Line Company, General Pipe Line Company of California, Union Oil Company of California, Pinal-Dome Oil Company, Home Oil Company, Salt Lake Oil Company of California, Amalgamated Oil Company, Central Oil Company of Los Angeles, Columbia Oil Producing Company, Murphy Oil Company and Bard Oil and Asphalt Company are organized and existing under the laws of the State of California to engage in the business of transporting within the State

of California crude oil, petroleum or the products thereof, and are actually engaged in such transportation.

756 We shall summarize briefly the evidence relating to the operations of each of these Companies, and thereafter consider whether the nature and extent of their business is such that the public needs a use in the same, and the conduct of the same is a matter of public consequence. Before doing so, however, we call attention to the location of the oil fields in California. These fields naturally divide themselves into two territories; those in the San Joaquin Valley in and around Bakersfield and Coalinga, and those along the coast in Santa Barbara, Ventura, Los Angeles and Orange Counties. The names of the fields in these two territories and their relative production are indicated by the following report of the production for the month of July, 1913:

San Joaquin Valley.

Name of field.	No. of barrels.
Coalinga	1,617,081
Kern River	766,754
Maricopa	497,126
Midway	2,692,001
McKittrick	366,645
Belridge	189,610
Lost Hills	287,646
Total	6,416,863

Coast.

Santa Maria	423,935
Fullerton	518,646
Salt Lake	237,075
Whittier	68,155
Coyote	249,421
Ventura	73,374
Newhall	8,621
Los Angeles	26,905
Summerland	4,350
Total	1,610,482
Total for State	8,027,345

757 It is impossible to entirely segregate the testimony with reference to each Company, but we shall endeavor to do so as far as is necessary to give a complete understanding of the operations of each Company.

Standard Oil Company.

Standard Oil Company, formerly known as Pacific Coast Oil Company, was incorporated on September 7, 1879. This Company now

handles approximately 30% of the total crude petroleum production of the State. The Company has refineries at Richmond, Contra Costa County, at El Segundo near Redondo, in Los Angeles County and at Seguro near Bakersfield, in Kern County. These refineries are operated continuously, and the greater part of the refined oil is sold in the Orient. The Company also markets its production in the Pacific Coast States, Hawaiian Islands, British Columbia and the west coast of Central and South America.

The pipe line system of the Company had its inception in 1895 and has expanded with the development of the oil industry. The Company at present has the following lines in operation:

1. Newhall to Ventura, a distance of 44.19 miles 28.3 miles of which is a 3-inch line and the remainder a 2-inch line. The capacity of this line is 1400 bbls. per day.

2. A double 8-inch line from Bakersfield to Richmond, a distance of 280.6 miles. The capacity of this double line is 65,000 bbls. per day.

3. A branch of the Bakersfield-Richmond line has been constructed from Coalinga to Mendota, a distance of 29.2 miles.
758 This branch is an 8-inch line with a capacity of 28,000 bbls. per day.

4. Another branch of the Bakersfield-Richmond line has been constructed from Lost Hills to Pond. This is an 8-inch line 21.1 miles in length and has a capacity of 20,000 bbls. per day.

5. A double 8-inch branch line from Midway to Bakersfield, a distance of 32.2 miles. The capacity of this double line is 65,000 bbls. per day.

6. A 6-inch line from Northam to El Segundo, on the coast of Los Angeles County, a distance of 23.9 miles, with a capacity of 9,000 bbls. per day.

7. An 8-inch line from Orcutt to Port San Luis, on the coast of San Luis Obispo County, a distance of 32.52 miles, with a capacity of 20,000 bbls. per day.

Each of these seven lines crosses public highways. Each of these lines, except the Coalinga-Mendota line, crosses railroad rights-of-way. The Bakersfield-Richmond line also runs along railroad rights-of-way for short distances.

The Standard Oil Company does not, itself, produce all the oil transported by it. By far the greater part of the oil transported is purchased in the fields from other producers. For instance, of the 65,000 barrels per day transported through the Bakersfield-Richmond line only 39,000 barrels are produced by the Standard Oil Company. The 65,000 barrels per day carried through the Midway-Bakersfield branch include only 35,000 barrels of Standard Oil production.

759 While the Coalinga-Midway line has a capacity of 28,000 barrels per day, it is carrying only 23,000 barrels per day, the remainder of the production in this field being handled through other pipe lines. Yet, of this 23,000 barrels the Standard Oil Company produces only 2,000. The Lost Hills-Pond branch is now carrying only 5,000 barrels per day of which the Standard Oil Com-

pany produces 1,500. The Company purchases a large amount of oil which is temporarily placed in storage. In fact, the Standard Oil Company purchases in the San Joaquin Valley fields 50,000 barrels per day in excess of its own production in these fields.

Referring now to the lines of the Standard Oil Company from the coast fields, the record shows that the Newhall-Ventura line is being operated to its full capacity of 1400 barrels per day, of which the Standard Oil Company, itself, produces only 200 barrels. The Northam-El Segundo line is carrying its full capacity of 9,000 barrels per day, of which the Standard Oil Company produces 6,000. The Orcutt-Port San Luis is at present carrying only 200 barrels per day, none of which is produced by the Standard Oil Company.

Producers Transportation Company.

An understanding of the operation of this Company requires a short review of the history of its organization by the Independent Oil Producers Agency in 1904. The Independent Oil Producers Agency was formed by a number of independent oil producers in the Kern fields, who united for the purpose of forming an organization which would represent a sufficiently large oil production to attract capital to construct a pipe line from the oil wells to the market, and also for the purpose of marketing their oil to the best advantage. At that time the independent producer in the Kern fields was absolutely

760 at the mercy of the Standard Oil Company and the Associated Oil Company. These companies owned the only pipe lines transporting oil from those fields. The independent producer had to either sell his oil to these Companies at prices named by them, or else not sell his oil at all. The same condition existed in the Coalinga fields with the result that many of the producers being unable to procure what they considered to be a fair contract price for the transportation of their oil, were compelled to take the only other alternative and shut down their wells. These conditions prompted the formation of the Coalinga Oil Producers Agency in 1907, which was later absorbed by the Independent Oil Producers Agency.

On August 1, 1913, the Independent Oil Producers Agency had 175 members. These members were producers in the Coalinga, Kern, McKittrick, Midway and Maricopa fields. The Agency represents a production of 1,500,000 barrels of fuel oil per month, which is approximately 22% of the State's entire production.

The Independent Oil Producers Agency procured the formation of the Producers Transportation Company on June 10, 1909, with an authorized capital stock of the par value of \$7,000,000. An arrangement was made between the Producers Transportation Company and the Union Oil Company of California for the financing of a pipe line to be constructed from the oil fields in the San Joaquin Valley to the coast. The Union Oil Company of California, hereinafter called the Union Oil Company, furnished to the Producers Transportation Company the sum of \$3,500,000 to be used in the construction of such a line. The Producers Transportation Company delivered to the Union Oil Company \$6,999,300 par value of its

stock, being all of the stock except seven shares, qualifying directors, and also delivered to the Union Oil Company \$3,500,000 face value of bonds. Under this arrangement the Producers Transportation Company constructed, and now has in operation, the following pipe line system:

761 1. 8-inch line about 40 miles from the Coalinga field south to a point known as Junction Station, in Kern County.

2. 8-inch line about 40 miles from the Maricopa field north through the Midway and McKittrick fields to Junction Station.

3. 8-inch line about 30 miles from the Kern River fields west to McKittrick.

4. 6-inch line about 30 miles from the Lost Hills fields west to Junction Station.

5. 6-inch line about 4 miles from the Belle Ridge fields northeast connecting with the McKittrick-Junction Station line.

6. A double 8-inch line about 70 miles from Junction Station west to Port Harford on the coast of San Luis Obispo County.

This pipe line system is constructed across public highways in Fresno, Kings and San Luis Obispo Counties. The Company has a franchise from the County of San Luis Obispo and from the City of San Luis Obispo for the construction of its pipe line along certain highways in said county and city. The pipe lines of this Company also run along the right of way of the Southern Pacific Railroad Company and the Pacific Coast Railway Company for an aggregate distance of approximately 5 miles.

On December 18, 1909, the Company obtained a judgment and decree in condemnation in the case of Producers Transportation Company vs. Gaspar O. Marre et al., an eminent domain proceeding instituted in the Superior Court of San Luis Obispo

762 County. The complaint of the Producers Transportation Company in that proceeding alleges that "plaintiff is engaged in the business of transporting oil by means of pipe lines as a common carrier for hire."

We shall now briefly consider the operations of the Producers Transportation Company. That Company, itself, produces no oil. It has confined its operations to carrying oil delivered to it by the Independent Oil Producers Agency. Each member of the Agency owns one share of stock in the Agency. The Union Oil Company is a member of the Agency and produces a far greater amount of oil than any other member. Each member of the Agency is required to sign a 10-year contract, by which he agrees to deliver to the Agency, for sale, all of the petroleum produced by him on specified lands. This contract runs with and binds the lands of the producer for the full performance of the provisions of the contract. On June 11, 1909, a contract was made between the Agency and the Producers Transportation Company whereby the latter was given the exclusive right, for a period of ten years, to transport at specified rates, all fuel oil of the Agency. A similar contract was required between the Producers Transportation Company and each member of the Agency. The members of the Agency cannot, under the provisions of these contracts, transport fuel oil produced by them except through the lines of the Producers Transportation Company. On June 24, 1909,

a contract was made between the Agency and the Union Oil Company, whereby the latter was made the exclusive sales agent for a period of ten years, of all the fuel oil of the Agency. The Union Oil Company receives a commission for acting in this capacity. This contract provides for an arbitration committee consisting of four members, which committee shall "determine all questions or

763 matters which may arise under, respecting or in any way connected with this contract." The contract further provides that this arbitration committee is to consist of two members

appointed by the Union Oil Company and two members appointed by the Agency. On April 1, 1912, a contract was made between the Agency and the Union Oil Company, whereby the latter agreed to provide ten million barrels storage capacity for the Agency during a period of excessive production. In this contract the Agency agreed, among other things, that it would take no new members during the term of the contract without the consent of the Union Oil Company.

The Producers Transportation Company owns no facilities for carrying the oil from Port Harford. The oil is handled from this point by vessel owned or chartered by the Union Oil Company, and an additional charge is made by that Company for the use of these vessels.

Associated Oil Company.

The Associated Oil Company, which was incorporated on October 5, 1901, with power to pipe and carry oil and also to exercise the right of eminent domain, now owns and operates two oil pipe lines, as follows:

1. An 8-inch line from the Santa Maria fields to Gaviota, on the coast of Santa Barbara County, a distance of 30 miles. There is an 8-mile branch from this line running to the Cat Canyon fields.

2. A 6-inch line from the Coalinga fields to Monterey, on the coast of Monterey County, a distance of 105 miles.

Both of these lines are constructed along public highways and also cross railroad rights-of-way.

764 The main Gaviota line has a capacity of 15,000 barrels per day and is used to capacity for the transportation of oil, none of which is produced by the Associated Oil Company.

The branch line from the Cat Canyon fields is not now in operation. The Associated Oil Company and the Union Oil Company each owns one-half of the stock of the California Coast Oil Company, which produces about 30,000 barrels of oil per month in fields served by the Gaviota line. The oil produced by the California Coast Oil Company is taken in alternate months by the two controlling Companies.

The Monterey line is operated to its full capacity of 15,000 barrels per day. Of this amount the Associated Oil Company only produces 2,000 barrels per day. The Associated Oil Company has contracts for the purchase of oil in all the San Joaquin Valley fields except the Kern fields. Some oil is purchased in the latter field on the market. Upon arrival at Monterey the oil is reshipped by rail or vessel to the most advantageous markets.

Oil produced by the Associated Oil Company and tied up to that

Company by contracts amounts to about 22% of the entire production of the State.

Associated Pipe Line Company.

On April 15, 1907, the Associated Oil Company and the Kern Trading and Oil Company entered into an agreement for the organization of the "Associated Pipe Line Company," to transport oil for the two organizers, each of which would be entitled to use one-half of the capacity of the lines operated by the Associated Pipe Line Company. On August 20, 1907, the Associated Pipe Line Company was incorporated "for the acquisition, construction, leasing, owning, maintenance and operation, but not as a common carrier, of pipe lines for the transportation of oil within the State of California."

This Company now has in operation two lines:

765 1. An 8-inch line, known as the "Rifled" line, from Volcan, a station about 3 miles east of Bakersfield, in Kern County, to Port Costa, on the coast of San Francisco Bay, a distance of approximately 281 miles.

2. An 8-inch line known as the "Hot" line, from the Sunset-Midway fields, in Kern County, to Port Costa, a distance of approximately 278 miles.

The Rifled line is constructed entirely upon railroad rights-of-way. It is constructed along the right-of-way of the Southern Pacific Railroad Company from Volcan to Goshen, then along the Central Pacific Railway Company's right-of-way from Goshen to Fresno, and for the remainder of the distance is constructed upon the right-of-way of the Southern Pacific Railroad Company. The line also crosses a number of public highways. The capacity of the line is 13,000 barrels per day.

The Hot line is constructed along the right-of-way of the Southern Pacific Railroad Company from Mendota to Port Costa, a distance of approximately 140 miles. The line crosses a number of highways, and in Kern County runs along a public highway for a short distance. The capacity of this line is 26,000 barrels per day.

The lines of the Associated Pipe Line Company are used to full capacity, one-half by the K. T. & O. Company and one-half by the Associated Oil Company, each of which Companies owns 50% of the stock of the Pipe Line Company. The K. T. & O. Company is a subsidiary of the Southern Pacific Company, which owns all of its stock except qualifying shares for directors. The Southern Pacific Company also owns 51% of the stock of the Associated Oil Company.

766 All the oil carried through these lines for the account of the K. T. & O. Company is produced by that company, and is delivered to, and consumed by, the Southern Pacific Company. Before the production of the K. T. & O. Company was equal to one-half of the capacity of these lines it purchased oil in the fields from other producers, including the Associated Oil Company, the oil thus

purchased being carried through the Associated Pipe Line Company's lines.

The oil carried through these lines to the account of the Associated Oil Company is either produced or purchased by that company in the fields. In the fields tributary to the lines of the Associated Pipe Line Company, the Associated Oil Company produces about 16,500 barrels per day and in addition purchases about 30,000 barrels per day. Approximately 20,000 barrels per day are delivered by the Associated Oil Company to the Associated Pipe Line Company for transportation. All the oil of the Associated Oil Company transported through these lines is sold by the Associated Oil Company on the market.

General Pipe Line Company of California.

The General Pipe Line Company of California, hereinafter called the General Pipe Line Company, was incorporated February 28, 1912, with power "to carry on the business of transporting for hire petroleum and other mineral oils, by means of pipe lines." The Company was also given the power to "condemn" property. The General Pipe Line Company now owns and operates a main and branch oil pipe line as follows:

1. Main Line: An 8-inch line from the Midway fields in Kern County, south over the Tehachapi mountains to San Pedro in Los Angeles County, a distance of 156 miles.

767 2. Branch Line: An 8-inch line from Lebec, in Los Angeles County, east of Mojave in Kern County, a distance of 51.82 miles.

The capacity of the main line and of the branch line is from 25,000 to 30,000 barrels per day.

The main line is constructed upon and crosses railroad rights-of-way. This pipe line system is also constructed along public highways. The Company has received franchises for the construction of its lines from Los Angeles County and the cities of Los Angeles, Huntington Park, San Fernando, Burbank, Vernon, Tropic, Glendale and Newhall, Ordinance No. 24874 N. S. of the city of Los Angeles, being the franchise under which the General Pipe Line Company has constructed its line within that city, provides in Section 17 "that the pipe line system constructed, operated and maintained under said franchise, shall be deemed to be a public utility and shall be operated as a public utility at all times," and provided further that the city of Los Angeles should have the right to fix the rates to be charged for carrying oil through said pipe line system. Substantially the same provision is contained in Section 11 of Ordinance No. 26295 N. S. of the city of Los Angeles granting to the General Pipe Line Company certain rights in Los Angeles harbor. Ordinance No. 299 N. S. of the County of Los Angeles granting the franchise under which the General Pipe Line Company constructed its lines in said County, provides in Section 4, "That the grantee of this franchise shall supply oil of sufficient quality and quantity upon application

to any manufacturing or industrial concern located on the route of said pipe line upon paying the necessary cost of making connections with the pipe line and the reasonable market value of the oil, and shall supply oil at any place upon said pipe line to the County of Los Angeles upon the same conditions." Substantially similar provisions are contained in the franchises granted by the cities of Burbank, San Fernando and Huntington Park.

The General Pipe Line Company has constructed its line through the Santa Barbara National Forest under permit from the Department of the Interior, and along the outer breakwater at San Pedro under permit from the Department of War of the Federal Government.

The General Pipe Line Company, itself, produces no oil. The Company has entered into a contract to transport the oil of the General Petroleum Company which company completely controls the General Pipe Line Company. The General Petroleum Company, itself, produces approximately 9,000 barrels of oil per day from lands tributary to the lines of the General Pipe Line Company. The remainder of the capacity of the lines of this Company is used to transport oil purchased by the General Petroleum Company. The General Petroleum Company controls, through production and purchase, from 10 to 12% of the entire production of the State.

Union Oil Company of California.

The operations of the Union Oil Company of California, hereinafter called the Union Oil Company, as a member of the Independent Oil Producers Agency and as the marketing agent for that Agency, have already been considered. In addition to these operations the Union Oil Company operates pipe lines in Los Angeles, Ventura, Santa Barbara and San Luis Obispo Counties. These pipe lines are owned by the Union Transportation Company and the Mission Transportation and Refining Company, all of the stock of which Companies, except qualifying shares, is owned by the Union Oil Company. The lines are leased to, and operated by, the Union Oil Company. A description of these lines is set forth in Exhibit H of the Union Oil Company, as follows:

769	Name.	Size.	Length in miles.	From—	To—	Owned by—	Operated by—
Lompoc Pipe Line.....		6 Inch	32.47	}	Orcutt	Port San Luis.. Union Trans. Co	Union Oil Co.
		8 Inch	32.47				
			<u>64.94</u>				
Ventura Pipe Line		3 Inch	9.75	}	Fillmore	Sespe	Mission Trans. Union Oil Co.
		4 "	23.00				
		4 "	10.00				
			<u>42.75</u>				
Los Angeles Pipe Line		6 Inch	9.48	}	Stewart	Norwalk ...	Mission Trans. Union Oil Co.
		6 "	14.26				
		8 "	10.96				
		8 "	7.26				
		6 "	9.41				
			<u>51.37</u>				

Mission Trans. & Refining Company.

Mission Trans. & Refining Company.

These lines are constructed along and across public highways. Franchises for their construction have been granted by the Counties of Los Angeles, Santa Barbara, Ventura, San Luis Obispo and also by the cities of Los Angeles and Long Beach. A portion of the Santa Barbara County line is constructed upon the right-of-way of the Pacific Coast Railway Company and a portion of the Los Angeles county line is constructed upon the right of way of The Atchison, Topeka and Santa Fe Railway Company.

The answer filed by the Union Oil Company states that that Company "has transported and does transport crude petroleum in the excess capacity of said Los Angeles County and said Santa Barbara County Lines—remaining after all of the requirements of this respondent have been met—under private contract, on specific terms for a reasonable compensation." The Company is at present carrying oil for others under contracts as follows, (1) a contract executed January 21, 1908, between Albert M. Stephens, Margarita Guinardo Dallugge, Adolph Ramish, Martin C. Marsh and the Union Oil

770 Company, by which the latter agrees for a period of ten years to carry through its lines to Los Angeles at a stated compensation, oil produced by the former upon a certain tract of land. (2) Contract executed July 1, 1908, between Emma Summers, Callie M. Parker and the Union Oil Company, whereby the latter agrees for a period of approximately 9 years to carry oil at a stated compensation from the Fullerton field through its lines to Los Angeles. (3) Contract executed February 26, 1901, in which the Union Oil Company agrees to transport, for stated compensation, the oil of the Columbia Oil Producing Company produced upon a certain tract in Orange County. The Union Oil Company has also in the past transported, for compensation, oil of various other producers.

Salt Lake Oil Company of California.

Salt Lake Oil Company of California was incorporated on November 25, 1903, with power "to transport and carry for hire" oils, petroleum and the products thereof. All of the stock of this Company, except qualifying shares, is owned by Amalgamated Oil Company. The Salt Lake Company owns and operates an 8-inch line from the Salt Lake fields into the city of Los Angeles, a distance of approximately 10½ miles. This line is constructed along public highways under franchises from Los Angeles County and the city of Los Angeles, and also crosses the right-of-way of the Southern Pacific Company. The capacity of the line is 7500 barrels per day. All the oil transported through this line is delivered to the Amalgamated Oil Company in Los Angeles.

While this line is owned by the Salt Lake Oil Company of California, it is used to transport, not only the oil of that Company, but also oil produced or purchased by the Amalgamated Oil Company and oil produced by the Areturus Oil Company all of the
771 stock of which, except qualifying shares, is owned by the Amalgamated Oil Company. Each of these Companies,

while its own oil is being transported through the line, assumes complete charge thereof, and pays the entire expense of the labor and power used to pump the oil through the line.

Amalgamated Oil Company.

The Amalgamated Oil Company was incorporated on October 14, 1914. A majority of the stock of this Company is owned by the Associated Oil Company. The Amalgamated Oil Company owns and operates a line about $6\frac{1}{2}$ miles in length, which is constructed entirely within the limits of the city of Los Angeles. The line has been constructed along public highways under a franchise granted by the City of Los Angeles and is also constructed for a short distance along the right-of-way of The Atchison, Topeka and Santa Fe Railway Company. The main portion of the line is a 6-inch line although there are branches of 3, 4 and $4\frac{1}{2}$ inch lines. The capacity of the main line averages 9,000 barrels per day.

This line is used solely to transport oil produced or purchased by the Amalgamated Oil Company, and thereafter sold and distributed by that Company.

Pinal-Dome Oil Company.

Pinal-Dome Oil Company owns and operates a 4-inch line 9 miles in length with a capacity of 3,000 barrels per day. The line is used solely to transport oil produced by Pinal-Dome Oil Company from lands owned by it in the Santa Maria fields, in Santa Barbara County. The oil is carried to the Company's own refinery at Betteravia, a station on the Pacific Coast Railway. At this point the oil is refined and marketed. The pipe line is constructed chiefly along a private right-of-way, although it crosses two public highways and also the right-of-way of the Pacific Coast Railway Company.

772

Columbia Oil Producing Company.

Columbia Oil Producing Company owns and operates a 3-inch line from the Fullerton fields, in Los Angeles and Orange Counties, to Chino, a town about 16 miles east in San Bernardino County. There are two short branches of this line, each constructed of two-inch pipe. The capacity of the line is from 1,000 to 1,500 barrels per day. The line crosses public highways but is constructed over no rights-of-way. The Company uses this line to transport only oil produced by its own wells. The oil is refined at the Company's refinery at Chino and there marketed.

Murphy Oil Company.

This Company owns and operates two 4-inch pipe lines: (1) The "Murphy" line from East Whittier to Los Nietos, a distance of 4.75 miles and having a capacity of 50 barrels of oil per hour, and (2)

"Coyote" line from Coyote to Los Nietos, a distance of 6.34 and having a capacity of 100 barrels per hour. These lines cross public highways, but are constructed over no railroad rights-of-way and are used solely to transport the Company's own oil.

Bard Oil and Asphalt Company.

This Company owns and operates a 4-inch line from Ojai Valley in Ventura County to the tracks of the Southern Pacific Company, in Santa Paula, a distance of 8½ miles. This line is constructed along public highways under franchises from Ventura County and the city of Santa Paula. The line has a capacity of from 100 to 250 barrels per day.

There are no other companies operating in this field except the Ojai Oil Company. The Bard Oil and Asphalt Company, 773 in addition to carrying its own oil is transporting oil for the Ojai Oil Company.

Central Oil Company of Los Angeles.

This Company operates a 4-inch line from its own wells in Los Angeles County to the tracks of the railroad, a distance of approximately 4½ miles, and carries only oil produced by it.

This completes the summary of the operations of each of the Companies which, under the finding made above, are actually engaged in the business of transporting within this State crude oil or petroleum or the products thereof. We shall now consider the remaining question of whether the business is such that the public needs use in the same, and that the conduct of the same is a matter of public consequence under the provisions of Section 5 of Chapter 327 of the Laws of 1913. We shall not here discuss the constitutionality of Chapter 327 of the Laws of 1913. While some of the Companies which are parties to this proceeding have questioned the constitutionality of that Act, that question is clearly one for the determination of the courts, and not this Commission. The constitutionality of that Act will be assumed in this proceeding. We desire however, in passing, to answer to objections advanced against declaring oil pipe lines to be common carriers. Counsel for one of the larger Companies frankly stated that he believed the oil pipe lines should be regulated, but objected to having them declared common carriers. His position is that certain of these lines were constructed with a view to transporting oil of certain gravities only, and are not adapted to carrying every kind and quality of oil. The objection was also made that it would be impracticable to require a line to transport oil of all gravities, as there would be an injurious mixing of oils of different gravities. It was further urged that producers who have outstanding contracts for the transportation should be

773½ allowed a priority if the lines are found to be common carriers. It appears to us, however, that these contentions do not go to the root of the power of the legislature to declare oil pipe lines to be common carriers. The declaration that they are common carriers does not preclude a regulatory body from authorizing a schedule of rates and rules which shall limit the carriage to certain specified gravities of oil or from authorizing rules which will prevent the injurious intermingling of oils of different gravities. In the same manner regulations may, if it is deemed proper, allow priorities in the transportation of oil to parties who have outstanding contracts for such transportation. These are all questions of regulations and do not, in our opinion, foreclose a declaration that oil pipe lines are common carriers.

In considering the monopolistic features of the oil pipe line business in California we desire first to refer to the history of the Producers Transportation Company. It was claimed that the presence of this Company in the field prevented any monopoly in the oil pipe line business. The record, however, shows that while the Producers Transportation Company prevented monopoly in the oil pipe line business when that Company was first created, it cannot be expected to indefinitely exert this beneficent influence. The record is very specific that the time when the Independent Oil Producers Agency was formed in 1904, the Standard Oil Company and the Associated Oil Company enjoyed an absolute monopoly of the transportation of oil from the San Joaquin Valley fields. The independent producer was compelled to either sell his oil to these Companies at prices named by them or else not sell his oil at all. The Independent Oil Producers Agency procured the formation of the Producers Transportation Company which constructed a pipe line from these oil fields to the Pacific Coast and in so doing unquestionably af-

774 forded to the independent producer a measure of relief from the existing monopoly. Let us consider for a moment, however, the conditions under which this Company operates at present. If an independent producer desires to transport his oil over the line of the Producers Transportation Company he must fulfil several requirements. He must sign a ten-year contract to turn over to the Independent Oil Producers Agency all the oil produced by him upon certain defined lands. This contract runs with and binds the land as a guarantee of his fulfilment of the provisions thereof. He must agree that during the term of this contract the Producers Transportation Company shall be the exclusive carrier of his oil. He must consent to have the Union Oil Company the exclusive sales agent for his oil. The Union Oil Company is also a member of the Agency and owns all of the stock, except qualifying shares, of the Producers Transportation Company. He must agree that the Union Oil Company and the Agency may each appoint two members of an arbitration committee which shall decide all questions relating to the marketing of his oil. The record further shows that this same Union Oil Company was able, during a certain period of excessive production, when it furnished to the Agency certain storage facilities, to

require the Agency to agree to take in no new members without the consent of the Union Oil Company. During this period the Union Oil Company had an absolute veto power upon the selection of new members for the Agency. We set forth these facts at length in order to show the requirements which must be fulfilled by any producer desiring to avail himself of the privileges of the Producers Transportation Company line. With these requirements imposed upon the independent producer the opportunity for him to escape the monopoly by joining the Agency is not, in our opinion, entirely clear. He is required to comply with conditions which would never be imposed by oil pipe lines which are common carriers. He is
775 required to turn over to others the handling and sale of his oil. Under these conditions we cannot agree that the Producers Transportation Company absolutely precludes the possibility of a monopoly existing in the oil pipe line business in California.

In addition to the Producers Transportation Company there are four other Companies operating pipe lines from the San Joaquin Valley fields, namely, Standard Oil Company, Associated Oil Company, Associated Pipe Line Company and General Pipe Line Company of California. Only two of these Companies,—the Standard Oil Company and the Associated Oil Company—produce any of the oil transported by them. Even in these cases the amount of oil produced is far less than the amount of oil purchased and transported. The Standard Oil Company purchases 50,000 barrels per day in excess of its production in these fields. The Associated Oil Company produces only 2,000 barrels of the 15,000 barrels per day transported through its Monterey line. This Company also purchases oil which is transported through the line of the Associated Pipe Line Company.

None of these Companies, themselves, consume the oil transported. All the oil carried through the lines of the Associated Pipe Line Company for the account of the K. T. & O. Company is sold to, and consumed by, the Southern Pacific Company. All of the oil carried through these lines of that company for the account of the Associated Oil Company and all the oil transported through the lines of the Standard Oil Company, the Associated Oil Company, Producers Transportation Company and the General Pipe Line Company is sold upon the market.

The record clearly shows that these pipe lines are the only efficient means of conveying oil from the San Joaquin Valley fields to the markets. The oil of the independent producer is being purchased in the fields by the large oil companies and then transported to the market through these pipe lines. The oil markets are
776 at great distances from the producing wells. The independent producer cannot, himself, construct a line to carry his oil. The expense of constructing such a line is prohibitive. For this reason the oil pipe lines have an advantage over the independent producer. If the oil of the independent producer is to reach the market at all, it must be transported through one of these pipe lines. To have his oil transported, he must sell it in the field to one of the large oil companies.

Under these circumstances it would naturally be expected that the

oil pipe line companies could dictate the prices at which the independent producer should sell his oil to them. The record shows the Companies are doing this very thing. There is a remarkable uniformity in the price offered by all of these Companies for the oil of the independent producers. The record is specific that the General Petroleum Company adopts the price named by the Standard Oil Company; that representatives of the Associated Oil Company and the Union Oil Company frequently confer upon the price to be offered the independent producer, and that no company has ever underbid a price named by the Associated Oil Company. In our opinion these facts, relative to the price offered for the oil of the independent producer could not exist under free competition in the bidding for that oil. It is clearly evident that these large oil companies in the San Joaquin Valley control the price at which the independent producer is required to sell his oil to them.

The control of the oil production in this State has an important bearing upon the question of monopoly in the oil pipe line business. The record shows that of the State's entire production the Standard Oil Company controls 30 per cent, the Associated Oil Company 22 per cent, the Independent Oil Producers Agency, which controls 777 the Producers Transportation Company line, 22 per cent, the General Petroleum Company which controls the General Pipe Line Company of California 11 per cent and the K. T. & O. Company, which uses one-half of the capacity of the lines of the Associated Pipe Line Company 10 per cent. Ninety-five per cent of the entire oil production of this State is controlled by these five companies. By far the greater portion of this oil is purchased by these Companies from the independent producer in the fields. These Companies have become the exclusive buyers of the oil of the independent producer. The complete control which these Companies may exert over the independent producer in the disposition of his oil is obvious. We find as a fact that Standard Oil Company, Associated Oil Company, Producers Transportation Company, Associated Pipe Line Company and General Pipe Line Company of California have secured the control and monopoly of the transportation of crude oil, petroleum and the products thereof from the San Joaquin Valley oil fields.

The purpose of Chapter 327 of the Laws of 1913 is to terminate and prevent a monopoly in the oil pipe line business. After defining what corporations, individuals or association of individuals engaged in the oil pipe line business are common carriers and public utilities, Section 5 excepts from the provisions of the Act companies, individuals and association of individuals, when the nature and extent of their business is not of public interest or consequence. The five Companies serving the San Joaquin Valley fields cannot be regarded as coming within this exception. We therefore further find as a fact that the nature and extent of the business of the Standard Oil Company, Associated Oil Company, Producers Transportation Company, Associated Pipe Line Company and General Pipe Line Company of California are such that the public needs a use in the

same and the conduct of the same is a matter of public consequence.

778 We shall now consider the pipe lines which carry oil from the Coast fields. The record contains practically no evidence relative to the existence of a monopoly or public need in the use of these lines. The Standard Oil Company and Associated Oil Company each has a line, and the Union Oil Company has two lines from the fields in Santa Barbara County to Port San Luis, a distance of approximately 32 miles. The production in these fields is rapidly decreasing. While the capacity of the Standard Oil Company line is 20,000 barrels per day, only 200 barrels per day are being carried through that line. A line from these fields formerly operated by the Graciosa Oil Company is now abandoned and idle. The record is equally barren of testimony with reference to a monopoly or public need in the use of the other lines of the Standard Oil Company and the Union Oil Company from the Coast fields in Ventura and Los Angeles Counties. We accordingly find that the nature and extent of the business of transporting crude oil, petroleum or the products thereof through the lines of the Standard Oil Company, Associated Oil Company and Union Oil Company from the Coast fields in Santa Barbara, Ventura and Los Angeles Counties are not such that the public needs a use in the same, and the same are not a matter of public consequence. This finding is, of course, made solely upon the record in this proceeding.

The Salt Lake Oil Company of California operates a line $10\frac{1}{2}$ miles in length from the Salt Lake fields into the city of Los Angeles, and the Amalgamated Oil Company operates a line approximately $6\frac{1}{2}$ miles in length entirely within the city of Los Angeles. There is no evidence of the existence of a monopoly or public need in the use of the lines of these two Companies. It may be that the lines are so short that a monopoly of the business in that territory is impossible, and that there are other efficient means of transporting the oil. We find on the record in this case that the lines of these Companies come within the exception in Section 5 of Chapter 327 of the Laws of 1913.

779 The Bard Oil and Asphalt Company operates a line approximately $8\frac{1}{2}$ miles in length from the Ojai Valley in Ventura County to the tracks of the Southern Pacific Company in the city of Santa Paula. This line serves a territory in which there are no other producing wells except those of this Company and the Ojai Oil Company. The oil of the latter Company is now being carried through this pipe line. There is no monopoly nor public interest in the oil transportation business conducted by this line, and we accordingly find that the Bard Oil and Asphalt Company also comes within the exception in Section 5 of Chapter 327 of the Laws of 1913.

We have now considered all of the Companies which are parties to this proceeding except the Pinal-Dome Oil Company, Columbia Oil Producing Company, Murphy Oil Company and Central Oil Company of Los Angeles. The lines of these Companies are only a few miles in length and are used only to transport oil produced by

the Company which owns and operates the line. These Companies clearly come within the exception of Section 5 of Chapter 327 of the Laws of 1913.

We submit herewith the following form of order:

Order.

This proceeding having come on regularly for hearing and the Commission being duly advised in the premises;

The Commission finds as a fact every statement of fact and finding of fact in the foregoing opinion;

The Commission further finds as a fact that Standard Oil Company, Associated Oil Company, Producers Transportation Company, Associated Pipe Line Company and General Pipe Line Company of California are common carriers and public utilities subject to the provisions of the Public Utilities Act of this State in the transportation of crude oil, petroleum or the products thereof, by means of pipe lines from the San Joaquin Valley oil fields.

It is hereby ordered that Associated Oil Company, Producers Transportation Company, Associated Pipe Line Company and General Pipe Line Company of California file with this Commission schedules of their rates and charges for the transportation of crude oil, petroleum or the products thereof by means of pipe lines from the San Joaquin Valley oil fields in the State of California, and their rules and regulations in connection with such transportation.

As Standard Oil Company has already filed with this Commission its schedules of rates and charges and its rules and regulations for the transportation of crude oil, petroleum and the products thereof by means of pipe lines from the San Joaquin Valley oil fields, it is not necessary to include that Company in the order herein.

Dated at San Francisco, California, this 31st day of December, 1914.

JOHN M. ESHLEMAN,
H. D. LOVELAND,
ALEX GORDON,
MAX THELEN,
EDWIN O. EDGERTON,

Commissioners.

A True Copy.

[Seal Railroad Commission, State of California.]

H. G. MATHEWSON,
*Assistant Secretary Railroad Commission,
State of California.*

782 Railroad Commission, State of California. Filed Jan. 22, 1915. Charles R. Detrick, Sec. Case No. 450. Ex. —.

Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations, and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Application for Rehearing.

To the Honorable Commission of the State of California:

Comes now, Producers Transportation Company, a corporation, and,—without waiving, but on the contrary expressly saving, urging and asserting, objection to the power and jurisdiction of this Honorable Commission to investigate, hear or determine any question of law or fact in any manner affecting applicant or any of its rights or properties, or any question of law or fact in any manner involved in or sought to be passed upon or affected in the above entitled proceeding, also reserving and urging all and all manner of objections to the powers and jurisdiction of this Honorable Commission, and all and all manner of rights of this applicant,—hereby makes application to said Honorable Commission for a rehearing of, upon and touching the matters covered by and included in the above case and the findings, opinion, order and decision rendered therein by your Honorable Commission on December 31st, 1914, as well also as all matters covered by, set forth or referred to in amended appearance and statement of Producers Transportation Company on file in said case; and therein and therefor this applicant specifies the following

matters and specifically sets forth the following grounds on
783 and by reason of which this applicant considers said findings, said opinion and said decision and order are and that each thereof is unlawful, and ought to be reviewed and annulled upon such rehearing:

First. The Honorable Railroad Commission has no jurisdiction:

A. (1) The Honorable Railroad Commission is not a court or record; nevertheless, in this proceeding it has attempted to exercise the authority and jurisdiction of a court of record;

(2) The Honorable Railroad Commission has no equitable jurisdiction; nevertheless, in this proceeding it has assumed to discharge the functions of a court of equity.

(3) The Honorable Railroad Commission is not a jury or a court of law; nevertheless, in this proceeding it has assumed to exercise the powers and functions and discharge the duties of a jury, and of a court of law.

(4) That the Honorable Railroad Commission is not a judicial tribunal and has no jurisdiction to hear or determine any questions

involving the substantive, contractual or property rights of applicant; that it is exclusively an Executive and Administrative Board, whose only powers of a judicial character are for the determination of questions leading to exercise of business judgment in the discharging of administrative and executive functions,—none of which questions are involved in this proceeding.

(5) That the Honorable Railroad Commission is a regulatory body; that in so far as it has any power to act in a judicial capacity its jurisdiction is of most limited character, and is confined: within its regulatory power; and;

(a) To determining what are reasonable regulations;

(b) To determining what are reasonable rates of charge;

(c) To the hearing and determination of complaints

784 against certain transportation Companies;

All incident or ancillary to the exercise of its executive or administrative functions; and none of which are involved in this case;

B. That the Honorable Railroad Commission of the State of California has no authority or power or jurisdiction,—of its own motion or otherwise,—either to investigate or to hear or to determine any question of law or any question of fact in any manner affecting any of the rights of this applicant which are or have been involved in, or are or have been sought to be passed upon or affected by, the above entitled proceeding, or the findings, order or decree made therein,—or any question of law or fact necessary to be heard or determined for the purpose of ascertaining whether or not this applicant is a common carrier or whether or not this applicant is a public utility, or whether or not applicant or any others, or any facilities of applicant or of others, has secured or tends to secure control of or monopoly of either the purchasing of or the control of, or the transportation of crude oil or petroleum or the products thereof, or whether or not it is subject either to the public utilities act of the State of California, or to the provisions of Chapter 327 of the laws of 1913, or whether or not the nature or extent of the business of applicant is such that the public needs a use in the same, or whether or not the conduct of its business is a matter of public consequence.

Second. Rights of Applicant Under Federal and State Constitution Violated:

A. That the findings, opinion, order and decision of the Honorable Railroad Commission made in the above entitled case,—and that each and all of the provisions of the Constitution of the State of California,—and each and all of the provisions of each and all statutes, laws and acts of the State of California, which authorize either the said findings, order or decision of said Commission or upon which the same are based and/or pursuant to which the same are made,—and are each thereof is:

(1) In violation of Section I of the 14th Amendment of the Federal Constitution,—and of the rights of this applicant thereunder;

(2) In violation of Section 10 of Article I of the Federal Constitution,—and of the rights of this applicant thereunder;

(3) In violation of Section 14 of Article I of the Constitution of the State of California,—and of the rights of this applicant thereunder;

(4) In violation of Section 16 of Article I of the Constitution of the State of California,—and of the rights of this applicant thereunder;

(5) In violation of Section 7 of Article I of the Constitution of the State of California,—and of the rights of this applicant thereunder;

(6) In violation of Section 5 of Article VI and in violation of Section 11 of Article VI of the Constitution of said State of California,—and of the rights of this applicant thereunder;

And therefore and thereby said findings, said opinion, said Order and said Decision of the Honorable Railroad Commission are, and each thereof, is invalid, inoperative, unconstitutional and void; and also such provision of said State Constitution and such provisions of the statutes, laws and acts of California are, and each thereof is invalid, unconstitutional and void.

786 B. That if, and in so far as, any section of the Constitution of the State of California,—or any clause or provision, or part of any such section,—or the public utilities act of the State of California, Chapter 327 of the Laws of 1913 of the State of California, or any other act, statute or law of said state,—or any clause or any part or provision of either or any of said acts, statutes or said laws,—authorize or to be construed to authorize the finding, ordering, declaration, adjudication and/or determination,—or if, and in so far as, any authorization, enactment, order, decree, determination or adjudication of the Legislature of the State of California, or of any Board, Commission or Tribunal has found, declared, adjudicated, ordered or decided, or shall find, declare, adjudicate or decide:

(1) That this corporation is a common carrier, or

(2) That this corporation is a public utility, or

(3) That the pipe lines or facilities, or any portion or any fraction thereof, of this applicant is a public utility, or

(4) That the pipe lines or facilities, or any portion or fraction thereof, of this applicant, is a common carrier facility or means of transportation, or

(5) That the Honorable Railroad Commission of the State of California has either power or jurisdiction to exercise any authority or control whatever over this applicant, or over either or any of the pipe lines or facilities,—or any part or fraction thereof,—of this applicant,—or over the oil to be transported in or by means thereof.

787 or to regulate or to fix rates of charges for said pipe lines, or either thereof, or to regulate or to fix rates of charges to be made by or in any manner to affect this applicant or its business in the ownership, operation and/or use of the same, or

(6) That either or any of the contracts or obligations,—for transportation of oil by means of the pipe lines or facilities of applicant,—on the part of and to be kept and performed by this applicant, and/or on the part of and to be kept and performed by

others in favor of this applicant,—heretofore entered into,—is not, or are not inviolable, or

(7) That either or any party to either or any of said contracts can be relieved of any of its, or their, obligations thereunder, or

(8) That either or any of said contracts, or the payments to be made by either party thereunder, can be modified or the obligations thereof impaired, directly or indirectly, without the consent of all the contracting parties, or

(9) That said pipe lines and facilities of this applicant or either thereof can be held subject to public usage, or controlled in any manner interfering with the performance of each and all of said contracts, promptly, at the time, and to the extent as in said contracts provided, or so as to prevent the receiving, handling, transporting and delivery of oil, in the manner, at the times, to the extent, and at the rate of charge as in and by each and all of said contracts provided;

then, and to such extent, and in each and every of such cases, such constitutional provisions, and each thereof, and/or said public
788 utilities act, said provisions of Chapter 327 of the Laws of 1913, said other acts, statutes or laws and/or either or any thereof, and/or such parts, clauses or provisions thereof, respectively, and/or all such constructions thereof, and all such authorizations, enactments, decrees, judgments, orders, findings, declarations or adjudications, are and each thereof is, and will be, in violation of Section I of the 14th Amendment of the Federal Constitution,—and of the rights of this applicant thereunder,—which provides:

“No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws”;

and is and are also in violation of Section 10 of Article I of the Constitution of the United States,—and of the rights of this applicant thereunder,—which provides:

“No state shall * * * pass any * * * law impairing the obligation of contracts”;

and therefore and thereby the same and each thereof is and will be invalid, inoperative, unconstitutional and void;

Then also and in each and every such case, said public utilities act, said Chapter 327 of the laws of 1913, said other acts, statutes and laws, and/or all such parts, provisions and portions thereof, respectively, and/or such constructions thereof, and such decrees, judgments, orders, findings, declarations or adjudications and each thereof, is and will be in violation of Section 14 of Article I of the Constitution of the State of California,—and of the rights of this applicant thereunder,—which provides

“Private property shall not be taken or damaged for public use, without just compensation having first been made to, or paid into

Court, for, the owner" * * * "which compensation shall be ascertained by a jury, unless a jury be waived."

And also in conflict with Section 16 of Article I of the Constitution of the State of California,—and of the rights of
789 this applicant thereunder,—which provides that

"No law impairing the obligations of contracts shall ever be passed,"

and also in conflict with Section 7 of Article I of the Constitution of the State of California,—and of the rights of this applicant thereunder,—which provides:

"The right of trial by jury shall be secured to all, and shall remain inviolate."

And also in conflict with Section 5 of Article VI and Section 11 of said Article VI of the Constitution of the State of California,—and of the rights of this applicant thereunder,—which confer upon the Superior Court exclusive jurisdiction to hear and determine all matters within the scope of this proceeding.

And therefore and thereby the same are and each thereof is and will be invalid, inoperative, unconstitutional and void.

Third. The findings, decision and order, and the laws upon which the same are based, are unreasonable and void.

That the findings, decision and order of the Honorable Railroad Commission herein and that the provisions of Chapter #327 of the laws of 1913, the Public Utilities Bill of the State of California, and each and all of the other statutes, laws and acts of the State of California, upon which said findings, decision and order are based and/or pursuant to which the same were made,—in so far as the same are applicable, or are attempted to be made applicable, to this applicant, and/or to its pipe lines, and facilities or any parts, or fractions thereof,—are, and each thereof is, unreasonable, unconscionable, unconstitutional and void.

Fourth. The Commission did not regularly pursue its authority, and its findings, decision and order are unlawful:

790 A. That the findings of the Honorable Railroad Commission are contrary to and are not sustained by the evidence, and its conclusions and orders are not supported either by the findings or the evidence and are erroneous and unlawful, and in particular as follows:

1. The finding,—in substance,—that by the findings the Commission has segregated and given all testimony "as far as is necessary to give a complete understanding of the operations of each Company," in so far as the same applies to Producers Transportation Company, is contrary to and not sustained by the evidence. Many facts material and indispensable, not only to the understanding of the operations of this Company, but to a correct determination of the issues involved in this investigation and sought to be determined herein, were given in particularity in the testimony produced and are not included in the findings. In some instances portions of interrelated facts have been segregated and set forth in the findings to such effect as

tend to a conclusion opposite to the facts and to that which will appear from such related evidence when considered as a whole; in other instances, by clerical error or inadvertence, findings clearly opposed to the evidence have been made; and in other instances the sequence of statement in the findings is such as to render the conclusion contrary to the evidence given.

2. That the findings that:

“An arrangement was made between the Producers Transportation Company and the Union Oil Company of California, for the financing of a pipe line to be constructed from the oil fields in the
791 San Joaquin Valley to the coast. The Union Oil Company of California, hereinafter called the Union Oil Company, furnished to the Producers Transportation Company the sum of \$3,500,000 to be used in the construction of such a line. The Producers Transportation Company delivered to the Union Oil Company \$6,999,300 par value of its stock, being all of the stock except seven shares, qualifying directors, and also delivered to the Union Oil Company \$3,500,000 face value of bonds. Under this arrangement the Producers Transportation Company constructed, and now has in operation, the following pipe line system:” (Here follows description of pipe lines.)

are not sustained by but are contrary to the evidence.

The uncontradicted evidence shows: That Independent Oil Producers Agency is a non-profit co-operative organization, having about one hundred and seventy-five members,—Independent oil producers of the San Joaquin Valley,—each joining the Agency under contract whereby its entire production of oil is handled, transported and marketed by the Agency, and,—after deduction of actual expenses,—plus one half cent per barrel for Agency purposes,—the net returns are rendered to the members in proportion to the oil delivered by each; that prior to January 1, 1910, the Agency oil was sold as a whole under time contract, to an Oil Purchasing Company for a price, delivered in the field of production; that prior to or in the early part of the year 1909, the Agency determined to make such arrangements as would enable it to sell and deliver its oil direct to the consumer, thus insuring to its members the highest price for their
oil that the market of the Pacific Coast would afford. That
792 for this purpose, in February or March, 1909, it made a tentative agreement with the Union Oil Company whereby the latter Company should join the Agency with its fuel oil and should become the marketing agent for the Agency,—receiving as compensation for its services and for the use of its terminal facilities and for guaranteeing collection, ten per cent of the net receipts,—over and above transportation and other charges,—and whereby further the Agency,—as a necessary condition precedent to the entire undertaking,—should procure ten year transportation contracts, to be executed by its members and itself for transportation of their production of oil, through a pipe line to be constructed and at rates of charges and under regulations then agreed upon,—and which contracts should represent and cover a sufficient quantity of oil in the

aggregate, for said entire period, to justify the financing, construction and operation of such pipe line: It was further agreed that upon procuring such pipeage contracts, and based thereon, the Union Oil Company would undertake the financing of the pipe line, provided it could then procure the necessary funds on the faith of said contracts as a guaranty of earning power for the pipe line, and by the sale of securities based upon said contracts. That pursuant to this arrangement oil producing corporations and persons,—who were, or became, members of the Agency,—entered into and executed contracts, as producers, with Messrs. L. P. St. Clair, H. H. Welsh, S. W. Morshead and M. V. McQuigg (Agency members), as second parties to said contracts, whereby said producers respectively obligated themselves, and the oil producing lands owned or operated by them, to cause all their production of crude petroleum oil to be transported through the pipe line system in said contract contemplated, and which was to be built and operated pursuant thereto, for the period of ten years from February 1, 1910, at the rate of charge, and under the terms, regulations and conditions in such contracts set forth (form of which contract is attached to the amended appearance of this applicant, marked "Exhibit A"), all of which contracts were assigned to Messrs. Morshead and St. Clair.

That pursuant to the same general plan and agreement, Independent Oil Producers Agency entered into a contract with said S. W. Morshead whereby it obligated itself to cause all of its oil produced in the San Joaquin Valley to be transported through said pipe line under terms, regulations and conditions, and at rates of charges, substantially the same as those set forth in said contracts,—“Exhibit A” to applicant’s amended appearance;—and that Coalinga Oil Producers Agency entered into a similar contract with said L. P. St. Clair; that when said various contracts covering the entire Agency oil had been so executed,—and pursuant to the terms of said contracts,—Producers Transportation Company was organized as a California corporation in June, 1909.

That pursuant to said general plan numerous rights of way were secured, surveys were run and plats made, and plans perfected for a complete pipe line system from the San Joaquin Valley Fields to the Coast at Port Harford.

That on or about June 15th, 1909, for the purpose of inducing and enabling this applicant to finance, construct and operate its pipe line system, a proposition was made by Union Oil Company of California, S. W. Morshead and L. P. St. Clair whereby said parties agreed:

(a) To assign said pipe line rights of way to applicant;
 (b) To assign to applicant the numerous contracts with oil producers in the Coalinga and in the Kern County oil fields (Agency members) whereby they became obligated to transport their entire production of oil through the proposed pipe line,—this applicant on acceptance of such transfers to become obligated to transport such oil of said producers.

(c) To assign said contracts from Independent Oil Producers Agency and Coalinga Oil Producers Agency whereby said Agencies

agreed for said period of ten years from February 1, 1910, to transport through such pipe line, all San Joaquin Valley oil coming under their control,—and upon acceptance of which assignment applicant would become obligated to transport such oil for such Agencies.

(d) That they would assign to applicant such field notes, maps and surveys for the proposed pipe line system from the San Joaquin Valley fields to Port Harford.

(e) That the Union Oil Company of California undertook to supply applicant with as much as \$3,500,000 in cash, to be advanced as needed by the Company.

In consideration of all of which applicant issued and delivered to the Union Oil Company of California, and/or parties designated by it, \$3,500,00- face value of applicant's bonds and 69,993 shares of its capital stock.

That said contracts for the transportation of oil executed by the Agencies and their members, constituted an indispensable
795 part of the consideration for the issuance of its stock and bonds; without which the corporation would neither have been organized nor could it have procured funds with which to build its pipe line. That pursuant to this agreement the Union Oil Company of California not only furnished applicant with said \$3,500,000, but provided funds for its use in the constructions of its pipe line system to the amount of approximately \$5,000,000. That said contracts became and were the major asset of applicant, upon the basis of which, it became possible to market its securities and raise the \$5,000,000 necessary for the completion of its enterprise. That its bonds were issued and sold and its shares of stock were issued and sold (and the same are now widely distributed) all on the faith, basis and certainty of ample and continuing revenue insured by said contracts. That under this arrangement (not the arrangement indicated by the findings hereinabove quoted) Producers Transportation Company constructed and now has in operation the pipe line system described in said findings.

3. That the finding of the Honorable Commission respecting the pleadings and judgment in the case of Producers Transportation Company vs. Gaspar O. Marre is not in accordance with the evidence and is not sustained thereby in this: That the evidence shows,—but the findings do not show,—that said action was not commenced until long after the execution and assignment of said various pipeage contracts, nor until after said pipe line was partly completed, and further, that said judgment was procured by a compromise and stipulation, and further, that the right of way therein referred to
796 was never actually taken or utilized by applicant, but that its pipe line was laid on a different course.

4. The finding that: "Union Oil Company is a member of the Agency and produces a far greater quantity of oil than any other member,"—is only a partial statement and conveys an erroneous impression in this: While the Union Oil Company produces more oil than any other single member of the Agency; the evidence shows that practically its entire production is from the Santa Barbara,

Ventura, Los Angeles and Orange County oil fields, and that its production of fuel oil in the San Joaquin Valley Oil Fields, possible for transportation by means of the pipe line system of this applicant, is comparatively small; and further, that the Union Oil Company as a member of the Agency, has only one share of stock therein and that it has only one director out of a total of seventy-five directors, and that it has only one member of the Executive Committee out of a total of fifteen members thereof.

5. That the finding: "A contract was made between the Agency and Producers Transportation Company whereby the latter was given exclusive right for a period of ten years to transport at specified rates all fuel oil of the Agency," is incomplete, partial and therefore not in accordance with or sustained by the evidence in this: The evidence shows that applicant thereby became obligated to transport the oil for the Agency for said term, under the regulations and at the rates of charge, and in all respects according to the terms, provisions and conditions as specified in said contracts, and that such transportation would run either to tide water at Avila, or to f. o. b. cars at the railway loading station nearest to the field of production.

797 6. That the finding: "A similar contract was required between Producers Transportation Company and each member of the Agency," is incomplete, partial and contrary to and not sustained by the evidence in this: The evidence shows that prior to the incorporation of applicant, the Agency and its members were solicitous to procure pipe line facilities, and to that end,—and as the condition precedent to the organization of applicant as a corporation,—voluntarily entered into the transportation contracts hereinabove referred to, which contracts were assigned to this applicant, as hereinabove recited, and became the basis for its financing. That members of the Agency subsequently admitted to membership have been received into such membership on exactly the same terms and conditions, including entry into transportation agreement with this applicant, and with exactly the same rights and obligations as all other Agency members,—regardless of the fact that those who previously became members by their co-operation and activities, and by the assumption of heavy obligations, had greatly improved the conditions and opportunities of the oil producers, and had procured advantageous contracts for the sale of oil, the benefits of which each new member has obtained.

7. That the finding with reference to the contract of April 1, 1912, whereby the Union Oil Company, in order to afford relief from a great over production of Agency oil, agreed to provide 10,000,000 barrels of storage capacity for the Agency during a period of excessive production, and by which contract "the agency agreed,—among other things,—that it would take no new members during the term of the contract without the consent of the Union Oil Company"

798 is partial, incomplete, and contrary to and not sustained by the evidence in this: Said contract required the Union Oil Company to furnish this enormous amount of storage capacity to the Agency all free of charge, for the purpose of affording relief

from the over production of Agency oil, due to gushers and unprecedented wells in the San Joaquin Valley fields. That this "veto power" of the Union Oil Company existed for a limited period only, and was a reasonable provision.

8. That the finding of the Commission,—in substance,—that the question as to the priority of outstanding transportation contracts, if the pipe lines should be found to be common carriers, is purely a regulatory matter and that the Commission may, "if it is deemed proper, allow priorities in the transportation of oil to parties who had outstanding contracts for such transportation," is both contrary to law and the evidence and is sustained by neither. The evidence shows that the contracts made between this applicant, on the one part, and the Agency and its members on the other part, constituted prior and preferential rights; that applicant was organized, and its bonds and obligations were secured by, and purchased in reliance upon, said contracts; and the assurance thereby given, both of certainty of quantity of oil and of rate of charge for transportation thereof, for the full term, as thereby given. That such contracts are matters of constitutional and fundamental right, both in favor of applicant, on the one part, and in favor of the Agency and its members on the other part,—the obligation of which can neither be impaired by the Honorable Railroad Commission nor by the Legislature of the State of California, nor by Constitutional enactment

799 of the people of the State of California; and therefore the

Honorable Railroad Commission, acting in its capacity as an administrative, executive or regulatory body, has no power, authority or jurisdiction whatever either with respect to said contracts or their priorities or the facilities of this applicant required for the transportation of oil, pursuant to said contracts.

9. The entire finding with reference to the conditions on which an independent oil producer may have his oil transported through the lines of applicant,—which, in substance, are the joining of the Agency; and that in joining the Agency he must not only receive the benefits, but also must bear the burdens, which every other Agency member receives and bears,—and which concludes: "he is required to turn over to others the handling and sale of his oil"; is partial, incomplete, argumentative and not sustained by the evidence. The evidence shows that each Agency member, on joining the Agency, enters into a contract expiring December 31st, 1919, (not ten years from this date); that the Agency,—a non-profit co-operative Company,—is operated for the benefit of its members, of whom such producer so joining is one,—not for those who would take advantage of the markets it has created and of the transportation facilities it has procured to be constructed, without, at the same time, participating to the same extent as all other Agency members in the obligations which made possible the creating and maintaining of such markets and the procuring and maintaining of such facilities. Such finding further states that the Union Oil Company "owns all of the stock except qualifying shares of Producers Transportation Company" which is directly contrary to the evi-

800 dence, which shows that applicant has a large number of stockholders, and that its shares of stock are widely distributed.

Said findings here again recite the fact that during a period of excessive production, Union Oil Company had the right of veto as to admission of new Agency members, but fails to state or recognize the fact that such veto power existed for a limited time only and for valid reasons, consistent with the spirit of this finding and yet never exercised. The findings also ignore the pertinent fact that the Union Oil Company, at a sacrifice to itself, assisted in procuring as new members of the Agency, those oil producers who previously had sold their oil to the Standard and who were left without a definite market when, in the year 1912, the Standard ceased purchasing oil of gravity less than 18° Baumé.

The concluding clause of said finding, that "he (the independent oil producer) is required to turn over to others the handling and sale of his oil,"—is in opposition to the evidence which shows that he becomes a member of the Agency and participates, in, on equal terms, all its operations and business, and in the handling, not only of his own oil, but of the oil of every Agency member, and that therefore, he is turning his oil over to himself and his co-members, who together with him, have the handling and sale of all thereof.

10. The finding:

"The record clearly shows that those pipe lines are the only efficient means of conveying oil from the San Joaquin Valley fields to the markets. The oil of the independent producer is being purchased in the fields by the large oil companies and then transported
801 to the market through these pipe lines.

The oil markets are at great distances from the producing wells. The independent producer cannot, himself, construct a line to carry his oil. The expense of constructing such a line is prohibitive. For this reason the oil pipe lines have an advantage over the independent producer. If the oil of the independent producer is to reach the market at all, it must be transported through one of these pipe lines. To have his oil transported he must sell it in the field to one of the large oil companies—"

insofar as it is applied to applicant, is contrary to and not sustained by the evidence. Applicant handles the oil of 175 independent oil producers, none of which is purchased either by applicant or by any large oil company, but is transported to market for these independent producers themselves, and is there marketed by them through their agents, and they receive the full net returns of the competitive market prices. Also the finding that the independent producer must sell in the field to one of the large oil companies, in order to have his oil transported, is contrary to and not sustained by the evidence; for, as above stated, at least 175 independent producers are transporting their own oil by means of the facilities of applicant, which they have caused to be provided for the purpose, and are themselves selling to the consumer, not in the field, but delivered at the point of consumption. And, moreover, that this enterprise so ear-

ried forward and perfected is beneficial to all oil producers, and is rendered possible only by means of the devotion of the facilities of applicant to the transportation of oil of these producers with whom it has transportation contracts.

11. The finding: "under these circumstances it would naturally be expected that the oil pipe line Companies could dictate the prices at which the independent producer should sell his oil to them. The record shows the Companies are doing this very thing." If, and insofar as the same is applicable to this corporation, it is contrary to and not sustained by the evidence, which shows:

1. That Producers Transportation Company buys no oil from anyone;

2. That the Independent Oil Producers Agency is not a purchaser of oil and handles only the oil of its members, and that its membership consists of approximately 175 independent oil producers;

3. That the Agency members receive the actual net returns from sales of their oil direct to the consumers.

12. That the finding: "That representatives of Associated Oil Company and the Union Oil Company frequently confer upon the price to be offered to the independent producer" is contrary to the evidence and not sustained thereby in this: The evidence does not show that said Companies either frequently conferred or confer at all upon the price to be offered the independent producer, and that the only conferences which said corporations have had, have been with relation to the price at which oil can be sold to consumers and,—so far as the Union Oil Company is concerned,—for the purpose of procuring for the 175 independent producers,—whose sales agent it is,—the highest market price for their oil, and thus also benefit all oil producers by establishing a market and tending to secure for them the highest competitive price for their product.

13. The finding: "No Company has ever underbid a price named by the Associated Oil Company," is contrary to and not sustained by the evidence.

14. The finding with relation to the percentage of oil controlled by the various companies of which the Agency is one,—aggregating, as found, 95% of the production of the State,—coupled with the further finding that "by far the greater portion of this oil is purchased by these companies from the independent producers in the fields. These companies have become the exclusive buyers of oil of the independent producer. The complete control which these Companies may extend over independent producers in the disposition of their oil is obvious," is, insofar as the same is by the Honorable Commission applied to this applicant, contrary to and not sustained by the evidence. The evidence shows that neither this applicant, nor the Agency, purchases any oil; nor has either of them become or been one of the "exclusive buyers," or "buyers" at all, of the oil of any independent or other producer or producers. On the contrary, as the Commission has found, this applicant in its operations, has served the Agency in the transportation of its oil, and the Agency, on its part, has handled the oil of 175 Independent Oil Producers of the San Joaquin Valley, whose instrumentality it is; and thus, to

the extent of the facilities of this Company, and under the conditions reasonably necessary for the operation of a co-operative, non-profit Company, the Agency and this Company, not only have not contributed to any monopoly, either for the purchase or transportation of oil, but to the extent of the capacity of its facilities, 804 this applicant has contributed to prevent the existence of any monopoly.

15. The finding: "The record, however, shows that while the Producers Transportation Company prevented monopoly in the oil pipe line business when that Company was first created it cannot be expected to indefinitely exert beneficent influence," together also with the later finding that Producers Transportation Company, among others, "have secured the control and monopoly of the transportation of crude oil, petroleum and the products thereof from the San Joaquin Valley oil fields," are contrary to and not sustained by the evidence. The evidence shows conclusively that Producers Transportation Company in its inception, creation and operation, has at all times tended to prevent and prevented monopoly in the oil pipe line business and monopoly in the oil business; that, as stated in the decision, when the Company was first created it was a beneficent Agency for the prevention of monopoly, and that at no time has it changed its organization or its relation to those whose oil it has undertaken from the beginning to transport and which it is obligated to transport under its contracts in that behalf; nor has it modified or changed its rules or regulations or rates of charges, or changed or in any wise varied its practices; that the only change that has been made has been to materially increase the carrying capacity of its facilities to accommodate the largely increased output of oil by the Agency members; and thus, at all times, to the full extent of the capacity of its facilities, it has tended to serve and has served the best interests of the oil producing and the oil consuming public alike.

805 That the findings, decision and order of the Honorable Railroad Commission made in the above entitled case were not, nor is either thereof, made in the record pursuant to the authority of the Commission and the same and each thereof is, for each and all of the reasons hereinabove set forth, unlawful.

16. The finding "that the nature and extent of the business of * * * Producers Transportation Company * * * are such that the public need a use in the same and the conduct of the same is a matter of public consequence," is contrary to and not sustained by the evidence. The evidence clearly shows that there are no independent oil producers whose properties are so situated that they can be served by the facilities of this applicant, who have been denied admission to membership in the agency or to participate there-through, in the benefits of the transportation facilities of this applicant. That there are but three or four independent producers within the San Joaquin Valley fields who are not Agency members and whose oil is not under contract. That one or more of these have oil of such quality that the same can not be handled through the facilities of this applicant, and the others have been afforded opportunity to become Agency members. That no independent oil producer,

other than the Agency or its members, has requested this applicant to transport its or his oil by means of its facilities. That the terminus of the pipe line of applicant is at Avila, at Port Harford, in San Luis Obispo County, a small town of about fifty inhabitants, where there is no market for oil. That there are no oil carrying vessels available for independent producers other than vessels of the

Union Oil Company of California, and that therefore no portion of the public represented by producers in the field at the one end of the pipe line, nor represented by consumers, purchasers or carriers of oil at the other end of the pipe line, can or will make use of the facilities of this applicant; that therefore the public has no need of the use of the facilities of this applicant and the conduct of its business is not a matter of public consequence. The evidence further shows that the Standard Oil Company and the Associated Oil Company each have in storage in the San Joaquin Valley fields many million of barrels of oil which could be transported through the facilities of this applicant, and that they are competitors of the Agency in the sale of oil to the oil consumers on the Pacific Coast; that they have fleets of oil carrying vessels which could receive their oil at the Avila terminus of the pipe line of this applicant. That the Agency, relying upon the fact that its contracts for the transportation of oil shall remain unimpaired for the full term thereof, have entered into long time sale contracts covering an aggregate of upwards of fifty million barrels of oil, which contracts call for the delivery of specific quantities of oil constantly, at specified times, and the performance of these contracts requires the use of the entire capacity of the transportation facilities of this applicant, the major portion of the time, and the major portion of said capacity at all times.

That if said great competitive oil sales Companies,—the Standard and the Associated, or other oil sales Companies shall be permitted the unlimited use of facilities of applicant, as a common carrier, unqualified by the existing rights of the Agency, and its members under existing contracts, such companies, by tendering their oil for transportation through the facilities of this applicant, can and may render impossible the performance of its said sales contracts by the Agency, thus disrupting its arrangements and destroying its business and then, as a result thereof, when such purpose has been accomplished, this applicant may be left without oil for transport;—the obligations of its contracts impaired, the security for its outstanding bonds embarrassed and the valuation for its facilities uncertain, and thereby, and in any event, if the order of the Commission be enforceable, its property will be taken for public purposes, all without compensation, and without having the value thereof first fixed and determined by a jury, and it will also be deprived of the equal protection of the laws, its property be taken without due process of law, the obligations of its existing contracts will be impaired and its constitutional rights invaded, all in the name of public benefit, but unlawfully.

17. The evidence further shows that all and singular the allegations of the amended appearance and statement of Producers Transportation Company on file in this case are true as therein set forth

and the Honorable Railroad Commission should find, and it is a ground and reason for this application for rehearing that said Honorable Railroad Commission shall, upon such rehearing, find each of said allegations to be true as a finding of fact.

18. The further finding of the Commission that Producers
808 Transportation Company is a common carrier and public utility, and subject to the public utilities Act of this State in the transportation of crude oil, petroleum, or the products thereof, by means of pipe lines from San Joaquin Valley Oil Fields, is contrary to and not sustained by the evidence and further is a conclusion of law not based upon or flowing from the evidence in this case or from any finding of fact drawn or properly drawn therefrom.

19. Producers Transportation Company in connection with the numerous Exhibits filed herein has already filed with the Honorable Railroad Commission a schedule of its rates and charges for the transportation of crude petroleum, and its rules, regulations and conditions in connection with such transportation, all of which are dependent upon, included in and parts of definite contracts for the transportation of oil made with selected parties with whom this applicant has elected to deal, and transact its business, and such rules, regulations, rates of charges and contractual requirements are and constitute the rules, regulations and the rates of charges and the conditions in connection with the transportation of oil through its pipe lines.

20. That the order that this applicant file its schedules of rates and charges for the transportation of crude oil and its schedules and regulations in connection therewith (while these schedules, rules and conditions have already been filed as aforesaid) is in excess of the jurisdiction and power of the Honorable Railroad Commission and is not made in the regular pursuit of its authority, and is unlawful.

809 21. That any tribunal of competent jurisdiction before whom the question of whether or not Producers Transportation Company is a common carrier or is a public utility or to what extent, if at all, its facilities can be held to be common carrier or public utility facilities or whether or not the nature and extent of the business of applicant is such that the public needs no use in the same, and the conduct of the same is or is not a matter of public consequence, must necessarily and first determine the existence and validity of the contracts between the applicant and Independent Oil Producers Agency, and between applicant and the members of the Agency and the nature and extent of the rights of the respective parties under said contracts and whether or not Chapter #327 of the laws of 1913 or any other acts of the Legislature of the State of California, with reference to public utilities or common carriers are applicable to such fractional proportion of the facilities of applicant.

22. That by its said findings and order which do not recognize the rights of the respective parties under said pipeage contracts between applicant and the Agency and between applicant and the members of the Agency, said Honorable Commission has in effect made finding that such contracts are null and void and that the question of whether or not priorities will be recognized by reason of such con-

tracts is addressed to the discretion of the Commission and is not a fundamental or constitutional right in favor of the parties to the contracts, and for this reason, the findings are contrary to and not sustained by the evidence and are in violation of the rights of *applicant* and in violation of the rights of the members of the Agency, and in violation

810 of the rights of all stockholders and bondholders of applicant as guaranteed by Section 10 of Article I of the Constitution and the other provisions of the Constitution of the United States and of the State of California as above set forth and otherwise and in all respects contrary to law.

811 Wherefore, this applicant prays that a re-hearing of said case in so far as it affects this applicant be forthwith granted by your Honorable Commission and that on such re-hearing, the Honorable Commission shall decline to hear or determine any question of law or fact in any manner affecting any of the rights of this applicant; that your Honorable Commission shall exercise no jurisdiction or authority whatever over this applicant or any of its facilities, either under color or by virtue of the provisions of Chapter 327 of the laws of the State of California of 1913, or of the Public Utilities Act of the State of California, or under color or by virtue of any provision of the Constitution, or of any laws, of the State of California, or other laws; that applicant be relieved and dismissed from further liability to appear in this matter or case, or in any wise to report to your Honorable Commission.

Applicant further prays that if any order be made by this Honorable Commission in the premises, other than to dismiss such proceedings as to this applicant, that such order be to refer or transfer this proceeding and all questions of law and fact in any way affecting the right of this applicant to the appropriate Superior Court of the State of California.

Applicant further prays that if, and when, the questions here involved and the rights of this applicant are heard by a tribunal of competent jurisdiction, such tribunal render its judgment that applicant is not subject in any manner to the provisions of Chapter 327 of the laws of the State of California of 1913; nor subject to the provisions of the Public Utilities Act; nor subject to the provisions of any other act or laws of the State of California respecting common carriers or public utilities; that each and every allegation

812 contained in the amended appearance of this applicant, filed herein, is true as therein stated; that all and singular the pipe lines, properties and facilities of applicant are the private property of applicant, and not subject to public regulation in any respect whatever.

Respectfully Submitted,

PRODUCERS TRANSPORTATION COMPANY,
By LEWIS W. ANDREWS,
THOS. O. TOLAND,
ANDREWS, TOLAND & ANDREWS,
PAUL M. GREGG,

Its Attorneys of Record Herein.

813 [Endorsed:] Case No. 450. Before the Railroad Commission of the State of California. In the Matter of Compliance of Oil Pipe Lines With the Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Etc. Application of Producers Transportation Company, a Corporation, for Rehearing. Andrews, Toland & Andrews, 1030 Marshatrong Bldg., Los Angeles, Cal.

814

Decision No. 2241.

Before the Railroad Commission of the State of California.

Case No. 450.

In the Matter of the Compliance by Oil Pipe Lines with Provisions of Chapter 327 of the Laws of 1913, Declaring Certain Corporations, Associations, and Individuals to be Common Carriers and Public Utilities Subject to the Provisions of the Public Utilities Act.

Opinion on Applications for Rehearing.

By the COMMISSION:

Applications for rehearing have been filed in this proceeding by General Pipe Line Company of California, Associated Pipe Line Company, Southern Pacific Company, Kern Trading and Oil Company and Associated Oil Company in behalf of Associated Pipe Line Company, Associated Oil Company and Producers Transportation Company. We desire to comment briefly upon certain matters set forth in these applications for rehearing.

The application of Southern Pacific Company and Kern Trading and Oil Company states that On January 19, 1915, Kern Trading and Oil Company

"sold, assigned and transferred to Southern Pacific Company, its successors and assigns, all of the interest of Kern Trading and Oil Company in and to the capital stock and property of Associated Pipe Line Company, and all the right, title and interest of Kern Trading and Oil Company in or under any existing agreement or agreements between or among Associated Oil Company, Kern Trading and Oil Company, and Associated Pipe Line Company, or any of them, relating to or affecting the property, ownership or management of Associated Pipe Line Company."

815 As stated in the opinion in this proceeding, made on December 31, 1914, Kern Trading and Oil Company owned 50 per cent of the stock of Associated Pipe Line Company, and was entitled to use one-half of the capacity of the lines of that Company. The opinion states also that all the oil carried through the lines of that Company to the account of Kern Trading and Oil Company is produced by that Company, and is delivered to and consumed by Southern Pacific Company. The effect of the transfer above mentioned, therefore, is to place the Southern Pacific Company in the

position of Kern Trading and Oil Company with relation to that Company's interest in the Associated Pipe Line Company. This transfer has no bearing upon this proceeding, but we set it forth merely in order that the record may be clear thereon.

The applications for rehearing by or on behalf of Associated Pipe Line Company allege that in case that Company is required to throw its lines open to the transportation of oil for all comers a serious interference with interstate commerce will result. These petitions call attention to the fact that 50 per cent of the capacity of these lines is used to transport oil consumed by Southern Pacific Company as fuel in the carrying on of interstate and intrastate commerce. The conclusion that there will be an interference with interstate commerce assumes that this Commission will require Associated Pipe Line Company to throw its line open to all comers for the transportation of oil. There is no basis for this conclusion. It is to be presumed that in regulating any utility subject to its jurisdiction the Commission will act within constitutional limitations. It is entirely consistent for this Commission to find that Associated Pipe Line Company is a common carrier and public utility under the provisions of Chapter 327 of the Laws of 1913, and at the same time so

816 regulate the transportation of oil by that Company as to impose no burden upon its use as a facility in interstate commerce. We state our views upon this matter in order that it may be clear that the Commission does not propose to attempt any regulation of Associated Pipe Line Company which will impose any illegal restrictions upon interstate commerce. The objection to which that Company refers can be cared for by proper regulation. The mere declaration that the Company is a common carrier cannot, itself, in our opinion, amount to an interference with interstate commerce.

Certain of the Companies applying for rehearing set forth that they are engaged only in the transportation of oil of certain kinds or gravities. The Associated Pipe Line Company, for instance, states that while engaged in the transportation of crude oil or petroleum, it is not engaged in the transportation of the products thereof. Likewise, General Pipe Line Company of California states that it is engaged only in the transportation of oil of certain gravities. The Commission does not intend that its order in this proceeding shall amount to a declaration that the pipe line companies concerned must transport oil of every kind and gravity. It is conceivable that the physical structure of these lines is not in all cases adapted to the transportation of every kind and gravity of oil. We shall, accordingly, modify our former order so as to provide that rates be filed for the transportation of crude oil, petroleum or the products thereof, of the kind and character in the transportation of which each Company is engaged.

We submit herewith the following form of Order:

Order on Applications for Rehearing.

Applications for rehearing in this proceeding having been filed by General Pipe Line Company of California, Associated
817 Pipe Line Company, Southern Pacific Company, Kern Trading and Oil Company and Associated Oil Company in behalf of Associated Pipe Line Company, Associated Oil Company and Producers Transportation Company, and the Commission being of the opinion that its order heretofore made in the proceeding should be modified in accordance with the foregoing opinion, and basing its order herein upon all the findings of fact contained in the opinion and order heretofore made in this proceeding on December 31, 1914, as modified by the foregoing opinion,—

It is hereby ordered that paragraph 2 of the order heretofore made in this proceeding on December 31, 1914, be, and the same is hereby amended to read as follows:

It is hereby ordered that Associated Oil Company, Producers Transportation Company, Associated Pipe Line Company, and General Pipe Line Company of California, file with this Commission on or before April 12, 1915, schedules of rates and charges for the transportation of crude oil, petroleum or the products thereof, of the kind and character in the transportation of which each of said Companies has been engaged, by means of pipe lines from the San Joaquin Valley oil fields in the State of California, and their rules and regulations in connection with such transportation.

Nothing in this order contained shall apply to crude oil, petroleum or the products thereof being transported in commerce with foreign nations or among the several states.

It is further ordered that in all other respects the applications for rehearing filed in this proceeding be and the same are hereby denied.

Dated at San Francisco, California, this 18th day of March, 1915.

[Seal of Railroad Commission of the State of California.]

MAX THELEN,
H. D. LOVELAND,
818 EDWIN O. EDGERTON,

Commissioners.

A true copy.

H. G. MATHEWSON,

*Assistant Secretary Railroad Commission,
State of California.*

819 [Endorsed:] Case No. 450. Before the Railroad Commission of the State of California. In the matter of the Compliance by Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913. Declaring Certain Corporations, etc., to be Common Carriers and Public Utilities. Opinion and Order on Applications for Rehearing. Filed Mar. 18 1915. Railroad Commission of the State of California, Tenth floor, Commercial Bldg., 833 Market Street, San Francisco, Cal.

820 Filed November 17, 1917. B. Grant Taylor, Clerk, by Dryden, Deputy.

Bank.

L. A. No. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,
vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX THELEN, H. D. Loveland, Edwin O. Edgerton, Alex. Gordon, and Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Respondents.

Upon application by petitioner therefor, a writ of review was issued in the above-entitled proceeding directed to the Railroad Commission, in obedience to which respondent has certified to this court the record of its proceedings and order therein made affecting petitioner and which it challenges as being in excess of the jurisdiction of that tribunal.

In 1913 the legislature of the state enacted a statute, designated as chapter 327 and found in the Statutes of 1913, at page 657, wherein the legislature, among other things, declared that "every private corporation and every individual or association of individuals, * * * (b) owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof, directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid or received, directly or indirectly, for such transportation, and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway, and in favor of whom the right of eminent domain exists, * * * is hereby declared to be a common carrier and subject to the provisions of the act known as the 'Public Utilities Act,' approved December 23, 1911."

821 On August 11, 1913, the commission, of its own motion, made an order requiring petitioner to appear before the commission at a specified time and place and show cause why the railroad commission should not make its order requiring petitioner to file with the commission schedules of its rates and charges for the transportation of crude oil, petroleum and the products thereof, and its rules and regulations in connection with such transportation, and otherwise to comply fully with the provisions of said chapter 327 of the Laws of 1913. In response to this order and citation, petitioner appeared at hearings at which evidence was adduced touching the question as to whether or not it was subject to the Public Utilities Act. The result of such hearings was a finding to the effect that petitioner was a common carrier and public utility in the transportation of crude oil, petroleum and the products thereof, by means of

pipe lines from the San Joaquin Valley oil fields, and as such, subject to the Public Utilities Act of this state; and thereupon the commission ordered that petitioner file with the commission schedules of its rates and charges for the transportation of crude oil, petroleum and products thereof by means of pipe lines from the San Joaquin valley oil fields in the state of California and its rules and regulations in connection with such transportation.

Petitioner was incorporated under the laws of this state in June, 1909, for the purpose, among other things, of establishing "a general transportation business for the purpose of transporting * * * any of the oils * * * produced * * * by this corporation, or any other person, firm, partnership, association or corporation, and for conducting the business of * * * carrying oils, petroleum," etc.

Its formation was due to the activities of the Independent Oil Producers Agency, the membership of which at said time consisted of about one hundred different and independent producers of oil and which membership, on August 1, 1913, up to which time no 822 oil producer desiring to avail himself of the privilege had been refused admission to membership, had increased to the number of one hundred and seventy-five, (and all of whom were dependent upon unsatisfactory means for the transportation of their products to the markets). In order to finance the undertaking, the cost of which was some \$3,500,000, furnished by the Union Oil Company, which owns practically all the stock of the Transportation Company, each member of the Independent Oil Producers Agency was required to sign a contract covering a term of years expiring January 1, 1920, agreeing to deliver to the agency for transportation and sale all of the oil produced by him on specified lands, the covenants of which contract ran with and bound the lands of the producer; and in turn the Independent Oil Producers Agency, on June 11, 1909, made a contract with the Producers Transportation Company whereby the latter was given the exclusive right for a period of ten years from that date to transport at specified rates all crude oil controlled by the agency, and a contract similar in terms was required to be executed on the part of each member of the agency to the Transportation Company. On June 24, 1909, the Producers Agency made a contract with the Union Oil Company constituting the latter the exclusive sales agent for a period of ten years of all the oil controlled by the agency, agreeing to give such agent a stipulated commission for services so performed. The Producers Transportation Company produces no oil, but is operated solely as a carrier of oil for profit. Its pipe lines extend from the oil fields to Port Harford on the shores of the Pacific ocean in San Luis Obispo county; in connection with which terminus the Union Oil Company has erected storage facilities and from which point, by means of oil vessels owned and chartered by said last named company, it 823 handles the oil, conveying it to market, for which an additional charge is made. In reaching Port Harford the pipe line extends in part over certain highways and streets, and a portion of the right of way over which it is constructed was acquired by the

Producers Transportation Company in proceedings in eminent domain wherein it alleged that it was "engaged in the business of transporting oil by means of pipe lines as a common carrier for hire," which allegation was by the court found to be true, and it was thereupon adjudged that the use of the land sought to be condemned was a public use authorized by law and that petitioner as a common carrier of oil for hire had the right to condemn the same as a right of way over which to construct its pipe lines.

(1) It thus appears that by its articles of incorporation petitioner declared that its purpose was to construct a pipe line and by means thereof engage in a general transportation business of oil produced by any person, firm or association; that claiming to be an agent of the state in charge of a public use, it seized private property, alleging that it was necessary for use in constructing this pipe line, through and by means of which it proposed to serve the public, and that during all the time since completion thereof it, without discrimination, in accordance with the intention so to do as declared in its articles of incorporation has, through and by means of said pipe line, transported oil produced "by any person, firm, partnership, association or corporation" applying for such service. True it required such applicant to comply with its rules, exactions and regulations, among which was membership—refused to none, however—in the producers agency, an incident of which was that for the term ending January 1, 1920, they should appoint the agency to act for them in the transportation and sale of their oil.

824 By the provision referred to only those persons and associations transporting oil by means of pipe lines, "directly or indirectly, to or for the public, for hire," are declared to be common carriers and subject to the Public Utilities Act. A like provision is found in section 23, article XII, of the state constitution, which provides that "every private corporation * * * operating * * * any * * * pipe line * * * within this state, for the transportation or conveyance of * * * crude oil * * * either directly or indirectly to or for the public, and every common carrier, is hereby declared to be a public utility subject to such control and regulation by the railroad commission as may be provided by the legislature." Neither by the provision of the act in question nor the provision of the constitution can the state subject private property to a public use, nor confer authority upon the railroad commission to assume control of private pipe lines engaged in the transportation of crude oil. Neither by act of the legislature nor by declaration of the state constitution can private property be taken for public use without compensation therefor. (*Del Mar Water Co. v. Eshleman*, 167 Cal. 666.) Where, however, the owner of property voluntarily devotes it to a public use, he in effect grants to the public an interest in such use, and to the extent of the interest so devoted to the public, the public may insist upon a voice in the control and regulation thereof. That petitioner, in the indirect manner stated, voluntarily assumed the duty of and embarked upon the business of a public carrier in transporting oil for hire, in our opinion, admits of no doubt. The conditions imposed, subject to which it transported oil, however bur-

densome, applied alike to all producers seeking its service; and subject to compliance therewith it carried everybody's oil to market.

It is not the *ipse dixit* of the law, but the fact that petitioner 825 has voluntarily devoted its property to a public use which justifies the control assumed by the railroad commission. The facts bring the case within the principle enunciated in what is known as the Elevator Cases, entitled *Brass v. North Dakota*, 153 U. S. 391; *Budd v. New York*, 143 U. S. 517; and *Munn v. Illinois*, 94 U. S. 113; in the latter of which the court, speaking through Chief Justice Waite, says: "When, therefore, one devotes his property to a use in which the public has an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good, to the extent of the interest he has thus created. He may withdraw his grant by discontinuing the use; but, so long as he maintains the use, he must submit to the control." The evidence upon which the commission based its action in making the order shows that petitioner by its voluntary act devoted its property, indirectly at least, to the use of the public in transporting oil, and that conceding its right, in the absence of an irrevocable dedication, to discontinue the conduct of such public business, nevertheless until such discontinuance, its tolls, rules and regulations are subject to the control of the commission.

A further and more potent reason, however, for upholding the action of the railroad commission is found in the fact that petitioner availed itself of the right of eminent domain in condemning property for the right of way over which it constructed its pipe line. To our minds, this must be deemed conclusive evidence of a dedication of such property to public use, since it could not have exercised such right other than in "behalf of a public use" (sec. 1238, Code 826 Civ. Proc.) as "an agent of the state or person in charge of such use." (Sec. 1001, Civ. Code.) In *State ex rel. Turnpike Co. v. American & E. News Co.*, 43 N. J. L. 381, it is said: "The fact that the legislature has granted the right to take private property, clearly evinces a legislative intent to lay such companies under an obligation to the public to permit the use of their lines by all persons, under reasonable regulations; and in accepting the benefit of this law, the recipient of the same assumes the performance of this duty to the public." As appears from the record, petitioner asserted and proved that it was a common carrier in the transportation of oil, thereby bringing itself directly within the provisions of the constitution (sec. 23, art. XII), hereinbefore referred to. Having thus acquired such right of way by holding itself out as a common carrier and as agent of the state in charge of a public use, without which it could not have seized property vested in private ownership, it should not now be heard in disclaimer of the profession so made and upon the faith of which judgment in its favor condemning the property to the public use of which it was in charge, was rendered.

The contention was that the commission had no power to determine the character of the business conducted by petitioner, is without merit. While, as said in *Holabird v. Railroad Commission*, 171 Cal. 691, "no proceeding is authorized for the mere purpose of determin-

ing this question with respect to any person or corporation," nevertheless, under section 60 of the Public Utilities Act the commission is authorized, "of its own motion, or upon the complaint of
827-28 any person to inquire into any act or thing done by any public utility and to make such order therein as may be necessary to compel such public utility to comply with the law or with the orders or rules of the commission," but it does not authorize a proceeding for the sole purpose of inquiring and determining whether a particular person or corporation is carrying on a public utility or is engaged in a private enterprise. The jurisdiction of the commission to make the order depended upon the existence of certain facts, namely: whether petitioner was engaged in the business of a common carrier in the transportation of oil, and for the purpose of determining its jurisdiction it was vested with power to determine the facts upon the existence of which it was authorized to make the order. "Where the jurisdiction of a board depends on the existence of certain facts, the board has jurisdiction to determine whether or not those facts exist." (Great Western Power Co. v. Pillsbury et al., 170 Cal. 180.)

In this proceeding we are not concerned with the contracts made between petitioner and the Producers Agency, upon the faith of which it is claimed the pipe line was constructed. They are not affected by the order made. If such contracts are valid, no legal action had by the commission could impair the obligation thereof; if invalid, the argument based thereon is without force. Since the question presented is one as to the power of the commission, not as to its policy, as to which it may be said to have plenary power, the numerous objections based upon apprehension of results which may follow future action taken by the commission become immaterial, and hence need not be considered.

The order, insofar as it affects petitioner, is affirmed.

VICTOR E. SHAW,
J. pro Tem.

We concur:

SLOSS, J.

MELVIN, J.

ANGELLOTTI, C. J.

HENSHAW, J.

SHAW, J.

829 In the Supreme Court of the State of California.

L. A. No. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,
vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELAN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents.

Petition for Rehearing.

Andrews, Toland & Andrews and Paul M. Gregg, Union Oil Bldg.,
7th & Spring Sts., Los Angeles, Attorneys for Petitioner.

Filed Dec. 6, 1917.

B. GRANT TAYLOR, *Clerk*,

By M. C. VAN ALLEN, *Deputy*.

830 In the Supreme Court of the State of California.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner,
vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELAN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents.

Application for Rehearing and for Modification of Judgment.

The petitioner, Producers Transportation Company, hereby applies to the Honorable Supreme Court of the state of California for a rehearing of, and a modification of its judgment in, the above entitled cause, in the particulars and for the reasons all as hereinafter set forth:

831

I.

We respectfully submit that the first reason assigned by the court, to-wit:

"It thus appears that by its articles of incorporation petitioner declared that its purpose was to construct a pipe line and by means thereof engage in a general transportation business of oil produced by any person, firm or association, * * * and that, during all the time since the completion thereof, it, without discrimination, in accordance with the intention so to do, as declared in its articles of incorporation, has, through and by means of said pipe line, trans-

ported oil produced by any person, firm, partnership, association or corporation' applying for such service. True, it required such applicant to comply with its rules, exactions and regulations, among which was membership—refused to none, however—in the Producers Agency, an incident of which was that, for the term ending January 1st, 1920, they should appoint the agency to act for them in the transportation and sale of their oil. * * * That petitioner, in the indirect manner stated, voluntarily assumed the duty of, and embarked upon the business of, a public carrier in transporting oil for hire, in our opinion admits of no doubt. The conditions imposed, subject to which it transported oil, however burdensome, applied alike to all producers seeking its services; and subject to compliance therewith it carried everybody's oil to market. * * * The evidence upon which the commission based its action in making the order, shows that petitioner, by its voluntary act, devoted its property, indirectly at least, to the use of the public in transporting oil, and that conceding its right, in the absence of an irrevocable dedication, to discontinue the conduct of such public business, nevertheless, until such discontinuance, its tolls, rules and regulations are subject to the control of the commission."

is contrary to the undisputed evidence and the law applicable thereto, and we respectfully request that the same be eliminated from the opinion and judgment of the court.

Upon this proposition, Producers Transportation Company and its bondholders and stockholders would be greatly injured if the underlying contract with the Independent Oil Producers Agency (without which no such pipe line could have been financed) and the supporting individual contracts of the several landowners, made for the purpose of fastening a lien and charge upon their respective holdings of land and the oil content thereof, and as further security of practical character that the oil guaranteed by the contract of Independent Oil Producers Agency would not be withdrawn from the performance of said contract,—be held to constitute the Producers Transportation Company a common carrier and public utility from the beginning.

We believe that a more careful examination of the record will convince the court that the first reason and ground assigned in the opinion as above stated should be eliminated, and we therefore earnestly request that the opinion be so modified.

833 Origin and Purpose of the Independent Oil Producers Agency and Producers Transportation Company.

There is an evident misconception of the nature, origin and scope of the corporation known as the Independent Oil Producers Agency and of the relation of Producers Transportation Company to it. Doubtless this misconception is due in part to our assuming that these things were fully known, and therefore that it was unnecessary to explain them.

The situation was, in 1904 and during the ensuing five years, of great importance. There were then two principal classes of people making history and making or losing money in the San Joaquin oil

fields. They were those producers and operators (1) who had pipe lines to convey the oil which they produced and the other oil which they purchased to tidewater and to markets, and (2) those who had no pipe lines. There were just two of the first class—the Standard Oil Company of California and the Associated Oil Company, with its subsidiary pipe line companies.

The Standard Oil Company needs no introduction to the American public. The then practices of the Associated Oil Company were in all respects parallel with those of the Standard, and the net
834 result of the joint practices of the two was that the oil of the producer who had no pipe line dropped to the market price of 11c. in the field.

This was not a temporary or fleeting condition. It lasted during all the years that the two classes of oil men operated in the San Joaquin Valley.

Efforts for relief were made by the small producer from time to time,—the most effective up to 1909 being the formation of two co-operative marketing companies—the Coalinga Agency and the Independent Oil Producers Agency. They were organized beginning about 1904, along substantially the same lines, but their influence for bettering the condition of the small producer shortly became stale and they found it absolutely necessary to take action whereby they would be enabled to transport, handle and market their own oil outside of the field of production and in the great oil markets, particularly of the Pacific coast.

The Coalinga and the Producers Agency were in no respect public, public service, or public utility corporations. They were private, co-operative and mutual.

Each was a corporate instrument created by its own members, maintained and continued in existence by its own members of their own volition, and for their own benefit. Their principal ob-
835 ject seems to have been to cumulate their oil so as to make it an item of interest by reason of its quantity, and if possible, to induce competition between the two large purchasing pipe-line companies; and all the while to seek to get capital to construct a pipe line.

Nevertheless, these organizations served as means of education and co-operation for the acquiring of more nearly adequate means of serving themselves in the handling of the oil of their own members.

Their situation,—with this oil production, and no way of handling it, and left at the mercy of the pipe-line companies for market in the field, instead of with the consumers of oil,—made a problem that was clearly one of great importance and difficulty to them. What should they do? The record discloses that they sought, without success, to interest capital in the construction of pipe lines. They had neither money nor credit sufficient to finance such an enterprise themselves. The undertaking of the building of pipe lines was hazardous at the best, whoever should undertake it. The distance to tidewater was great. The expense of construction was enormous,—proving as it did to be five million or five and a half million instead of three and a half million dollars, as stated in the decision. The permanency of the oil field was not yet demonstrated.

836 To compete in the open market with the Standard and Associated, a pipe line devoted to the carrying of the Independent Producers' oil was absolutely necessary. Besides this it was necessary to have a fleet of ships and a selling organization.

The officers of the Independent Oil Producers Agency labored unsuccessfully for nearly five years to solve these problems. They had the oil but nothing else. They made proposals to the Associated, but were treated with mild scorn.

These organized producers, by years of failure to enlist capital, learned that no pipe line could be built for their use unless the exclusive carriage of their oil, for at least ten years, at a fixed and satisfactory rate, should be secured by binding contract. They themselves undertook to get these contracts. They made the terms, and their contracts,—first made in favor of their own officers to be assigned to a pipe line company,—were offered as an inducement to capital to undertake the construction of this pipe line. The plan was thus made in advance by the Independent Oil Producers Agency, and its own contract, with that of its individual stockholders as security, were offered as the inducement and basis of financing the proposed pipe line.

837 These two agencies had worked out the plan of furnishing the sort of contracts which would secure capital to build a pipe line, before any outside party was consulted. If there were "exactions" they were made by themselves alone, and were necessary. It is no hardship that later comers, admitted to benefits, should be on an equality with those who created the facilities.

To make this plan possible and of any service, this Agency corporation made concurrent contracts for the service of tank ships and for the service of a trained and established selling organization.

Without these things, the pipe line would have been impractical. Its western terminus was to be at Avila, a town of but fifty or sixty souls, and with no public wharves or storage for oil.

The Independent Oil Producers Agency, as a corporate unit, thus proposed to reach the big markets in competition with the marketing companies, as to fuel oil.

The producer who had no storage, no ships, no selling organization, could not possibly send his oil to Avila as a market. He had no possible use for this new line. If a producer was contemplating using Producers Transportation Company pipe line, it was not an "exaction" but a commonplace physical necessity that he become a stockholder of the Agency, and that the Agency own, control and handle his oil, because thus, and thus only, could he get the

838 use of pipe line, ships and the benefit of a selling organization and of sales direct to the consumer. Therefore no producer not equipped with ships would tender to this pipe line any oil, unless it was the Agency's oil.

With these facts understood, there is no mystery that no one was ever denied the use of this pipe line. No one ever offered it any oil for transportation. It had no opportunity to refuse. No one could use it except the Agency Company which controlled the storage,

the ships and the wharves. The Standard Oil or Associated, alone of all the public, could have used this line to get anywhere, without first joining the Agency. They owned tank ships, had selling facilities and could erect tanks. No independent producer could thus supply the necessary things to make the pipe line available to him.

It has been, therefore, a mere matter of necessity——

1. That no individual producer ever tendered any oil to this pipe line for transportation.

2. That no oil except that owned by the Independent Oil Producers Agency was ever transported by this pipe line, or was ever offered to it for transport.

839 3. That it was fully understood from the beginning that (so long as the corporate Agency should exist) no oil would or could be tendered, received or transported except the oil owned by this corporate unit, the Independent Oil Producers Agency.

It is clear that Independent Oil Producers Agency—so far from being a mere incident to Producers Transportation Company—is a large and substantial institution, fully equipped as an owner, seller, shipper and storer of oil in quantities, in competition with other large producers and marketers of oil. Its organization, however, is mutual and co-operative, and its stockholders receive the profit. As separate producers they could never have created this system. As co-operative stockholders, they are the sole owners, and no others are in position to enjoy these facilities without assuming like relations and burdens and obtaining the corporate consent and contract.

All these facts quite fully appear, although in somewhat scattered form, from the record, and their very familiarity to counsel is the only excuse for not more clearly presenting them heretofore.

This brings us to consider the matter of new members being taken into the Agency: How does an oil producer get in; who are qualified to become members; whether any producer of oil may, as a
840 matter of right, insist upon becoming a stockholder and enjoying the contracts and facilities of that corporation; whether or not there is a veto power upon admission of new members; what are the obligations imposed upon the oil producer in return for all that he receives as a member of the Agency, and in whom is vested title and control over the oil produced by him after he becomes an Agency member? These questions and others will be answered elsewhere from the record.

If an oil producer can simply walk into the Agency, as a public right which cannot be denied, and by reason thereof the pipe line in question has become a public utility, then also must the ships which carry the Agency's oil, and the selling organization which disposes of it, and the tankage which it has provided for storage of its oil, and all facilities and means for carrying on its business,—all these must be public utilities, because, by becoming a member of the Agency, the producer enjoys these through the corporate body precisely as he does the pipe line.

Organization of Independent Oil Producers Agency.

Mr. St. Clair testifies [Rec. p. 146]:

“During the year 1904 several oil producing companies organized themselves into the Independent Oil Producers Agency for the purpose of better handling their product, of obtaining transportation to the markets therefor, and of putting themselves into a position to make long time contracts for large volumes of oil—at that time the price of oil was about 11 cents—11-2/3 cents per barrel. The agency was organized in 1904 and shortly thereafter made a contract with the Associated Oil Company. When that had expired another contract was entered into, and so on.”

The witness then explains the organization of the Coalinga Oil Producers Agency and its having contracted with the Standard Oil Company and thereafter that the two agencies arranged

“that their oil should be marketed together, and the Independent Oil Producers Agency, acting jointly with the Coalinga Oil Producers Agency, made a contract with the Associated Oil Company for a two-year period for the years 1908 and 1909 at a price of 60 cents a barrel for the first year and 63 cents a barrel for the second year. In advance of the expiration of that contract I commenced, as president of Independent Oil Producers Agency, on negotiations for a new contract, but was unable to successfully conclude anything on account of the price which was offered, which was lower than we thought the product justified. At that time we were also endeavoring to make arrangement which would make it possible for the agency to reach the market.” [Rec. pp. 148-149.]

The witness proceeds to state that the Standard Oil Company refused to make further contract with the Coalinga Agency and that the two agencies offered the Associated Oil Company a marketing contract similar in terms to that afterwards concluded with Union Oil Company, and the Associated declined it, but asserted:

“that anybody that would enter into a contract of that kind was a fit subject for an insane asylum—they said that anyone that would enter into a contract with the Agency on that plan—” [Rec. p. 152.]

He then relates the negotiation with Union Oil Company resulting in the proposing to Union Oil Company of a plan similar to that proposed to and declined by Associated Oil Company, and that, as a preliminary,

“Union Oil Company should join the agency with its production, wherever located, that the agency would secure contracts with the various producers, it would extend the life of the agency for a period of ten years by that means, and secure contracts for a similar period

from the producers * * * the nature of that contract—it was a contract whereby the producer agreed and obligated himself to deliver all the oil produced upon his land to the promoters of this pipe-line for a period of ten years * * * they were bound to take all the oil up to the capacity of their pipe-line.” [Rec. p. 153.]

Regarding the actual contract between Independent Oil Producers Agency and Producers Transportation Company, and which is in evidence, and the way business was transacted thereunder, the following appears:

843 Mr. St. Clair testified [Rec. p. 40:]

Commissioner Eshleman:

Q. “And I assume that one of the conditions of the contract was that you became an exclusive patron of Producers Transportation Company?”

A. “Yes, sir.”

Q. “And the Producers Transportation Company would not have entered into this contract if you had not done that?”

A. “No, sir.”

Mr. Andrews [Rec. p. 212:] “I would suggest that, in connection with that question, the exhibits which have been filed by the agency show that that oil becomes the property of the agency the instant it is run, and that it ceases to be the property of the producer, and therefore the deal has now become a matter entirely between the pipe-line company and the agency, and the lien, if any, is on the agency’s oil and not on the member’s oil.”

Commissioner Edgerton: “I assume from what is said that there is a lien provided for in the individual contracts. Is that true?”

Mr. Andrews: “Yes, sir, and the same is true in agency contracts.”

Mr. Heney (to the witness): “Do you know whether they claim a lien under those or not?”

A. “I could not answer that question. As I understand the purpose of your question, I think I can maybe clear that up by saying that the agency handles this oil not under this individual contract. The agency claims that from the moment that the oil is gauged in the gauge tank, the title from that time vests in the agency; and the agency offers this oil to the transportation company under the contract which the agency has with the transportation company.”

844 Q. “What is the purpose of having the individual sign any contract with the pipe-line company?”

A. “Well, the purpose, as I understand—I might be in error as to this—there has always been a little question about the legality of our organization; that is, it might be sometime attacked and it might be considered an organization in restraint of trade, and we might be dissolved and the pipe-line company, in case that this was attacked and dissolved and its contracts failed—the pipe-line company would have some contract—they want some contract to guarantee to it that it would have this oil still.” [Rec. p. 214.]

Here is a precise statement of the reason for the contract between Producers Transportation Company and each individual member of the agency, and in practice these contracts have been held as security only and no oil has ever been delivered to the pipe-line under any of them; still, they are subsisting, binding contracts, without which the financing of the pipe-line could not have been accomplished, and they may perchance become operating agreements. It was not expected that the event would occur making these contracts of importance for operating purposes.

By-Laws.

Article first of the by-laws of the Independent Oil Producers Agency provides:

"The subscribers to the capital stock of this corporation shall be bona fide oil producers who shall have entered into a contract
845 with this corporation, covering their land and its oil, in form approved by this corporation. * * * No subscription shall be received from any producer for more than one share of stock. No transfer of stock, whether to a new owner or to a new trustee, shall be made, unless the name of the person to whom the transfer is to be made shall have first been submitted to the board of directors of this corporation and approved by them, and said transferee shall have signed these by-laws and also the agreements on the back of the stock certificates of this corporation, and thereby have become subject to said by-laws and said agreements."

It is manifest from the foregoing that any producer of oil would be eligible to become a subscriber and member in the corporation, but that, unless and until the corporation saw fit to enter into a contract with such applicant, covering such land and its oil, he could not become a subscriber or member. (It will be noted an oil purchaser is not eligible to membership.) The right of rejection is further fortified by the foregoing provision requiring the approval of the board of directors before a certificate of stock could be transferred to a new owner.

Thus stood the situation at the time of the underlying active contract between the Independent Oil Producers Agency, as a corporate unit, and the Producers Transportation Company was entered into.

There was no item of history to determine to what extent, if at
846 all, the manifest right to reject applicants, by refusing to enter into contracts with them, would be exercised by the agency.

Would any oil producer be entitled, as matter of right and against the will of the board of directors of the agency, to have compelled the agency to enter into contract with him, and to receive and accept him as a subscriber and member? Manifestly not. If he could have compelled the agency so to do, then the Standard Oil Company itself, or the Associated Oil Company, or later the Shell or General Petroleum Company, could have exercised like compulsion, and thereby have appropriated to their own use and benefit the very pipe line facilities which were constructed to prevent the monopoly theretofore existing by the large marketing companies. Manifestly, such was not

the purpose or intention in the origin of this enterprise, and Producers Transportation Company made its contract with reference to documents and conditions which were strictly private in their character, and were in no wise impressed with any public use, and which could not be affected by the subsequent conduct of the agency.

In the subsequent history of the agency, the corporate unit has at all times controlled, owned and sold the entire body of oil produced by all of its members, and its contract alone has been active with the pipe-line company.

847 Mr. St. Clair testifies [Rec. p. 64:]

"Q. Does the Producers Transportation Company convey oil for persons other than this agency?

"A. No.

"Q. In other words, this transportation company confines its work entirely to transporting the oil of the agency?

"A. Of the agency; yes, sir."

Mr. Welch [Rec. p. 321] testifies:

"Q. In your experience is it practical in those fields for the individual producer to market his oil in distant markets?

"A. No, sir, it isn't; couldn't do it."

(Witness proceeds to explain the reason.)

New Stockholders or Members of Independent Oil Producers Agency.

(a) How are they admitted?

Mr. Heney [Rec. p. 58] asked of Mr. St. Clair:

Q. "Is there any veto power, or who has the veto power of saying who may come into the agency as members?

A. "The matter of the acceptance of new members into the agency is under the control of the board of directors * * *."

Mr. Heney: "It is left with the board of directors?"

Mr. Lane: "Yes."

Mr. Heney: "Majority vote?"

Mr. Lane: "Majority vote."

848 (b) Who are eligible as members or stockholders?

This is fixed by the by-laws, article first:

"The subscribers to the capital stock of this corporation shall be

(1) "Bona fide oil producers."

This directly and intentionally excludes all members of the public who may be owners of oil,—such as marketers of oil or consumers of oil,—who are not active producers;

(2) "who shall have entered into a contract with this corporation covering their land and its oil in form approved by this corporation."

This contract element is necessarily a matter of negotiation, and unless the proposed new member shall be acceptable and accepted by a majority vote authorizing the contract, he is not qualified for membership.

Since the agency as a corporate unit, has its term contracts for the

sale of its oil, any large new production of oil by its members would necessarily suspend taking in new members, and likewise a large number of new members, having a large aggregate of unsold oil, would disrupt the business and work hardships on existing stockholders.

(c) Actual Practice.

(1) In actual practice the agency campaigned for new members the first half of 1910, until the "bringing in" of the "Lake View Gusher." Taking in new members was thereupon suspended from about July 1, 1910, until the latter part of 1911.

Mr. St. Clair testifies [Rec. p. 55]:

"During the time * * * when we could not secure additional storage, when the transportation facilities would not handle our production, we did temporarily refrain from taking in any new members, but it was only during that period. * * * it commenced in the middle of 1910, and I think it—the policy was changed, as I remember it, in 1911, late in 1911."

(2) About September, 1912, Standard Oil Company refused to take any more oil less than 18° gravity. This deprived a large number of producers of any market.

Mr. St. Clair [Rec. pp. 193-194] testified:

"I could conceive of no way in which the oil could be handled at that time other than by the agency. The agency, of course, couldn't assume the burdens, would not conclude to do that—unless there was some arrangement made whereby the taking in of new members could be done without affecting the old members."

Thereupon Union Oil Company guaranteed, for one year, that the taking in the new members should not affect the existing members. [Rec. p. 194.]

850 All these parties except three came into the agency under this offer. Thus the veto right was not exercised, solely because of this guaranty.

(3) Restriction by special contract with Union Oil Company in 1913.

Mr. St. Clair testified [Rec. p. 59]:

"Union Oil Company agreed to provide 10,000,000 barrels of storage for the agency free of charge * * * one year, I think it was, and in that contract it was provided further that during that period of time, no new members should be taken into the agency without the consent of the Union Oil Company."

"Q. Has that expired?

"A. No, I think it has four or five months to run yet.

This contract was a business precaution, made necessary by large over-production. By it the right of the company to close its doors to new members is asserted by contract. While no applicant was formally refused, the known conditions manifestly prevented any application being made.

(4) Indeed, the new membership of the agency has always been

the result of negotiation and not mere application. The complicated nature of the contracts made this inevitable.

Therefore, in a period of four years the door of the agency was closed to new members (really if not formally) during more
851 than half of the time, and never was open except upon negotiation and contract, authorized by majority vote of board of directors.

(d) Nature of agency membership and the contracts involved therein.

The Honorable Railroad Commission itself disposes of the claim that the agency member is really such in his right as a member of the public, as follows:

"If an independent producer desires to transport his oil over the line of Producers Transportation Company, he must fulfill several requirements. He must sign a ten-year contract to turn over to the Independent Oil Producers Agency all the oil produced by him upon certain defined lands. This contract runs with and bonds the land as a guarantee of his fulfillment of the provisions thereof. He must agree that during the term of this contract the Producers Transportation Company shall be the exclusive carrier of his oil. He must consent to have the Union Oil Company the exclusive sales agent of his oil—he must agree that the Union Oil Company and the agency may each appoint two members of an arbitration committee which shall decide all questions relating to the marketing of his oil—we set forth these facts at length in order to show the requirements which must be fulfilled by any producer desiring to avail himself of the privileges of the Producers Transportation Company's lines, that these requirements imposed upon the independent producer the opportunity for him to escape the monopoly by joining the agency
is not, in our opinion, entirely clear. He is required to com-
852 ply with conditions which would never be imposed by oil pipe lines which are common carriers."

Of course, the co-operation with other producers is the only practical way he can really market his oil except by selling it to the Standard or Associated. The Independent Oil Producers Agency steps in as the corporate unit and furnishes the pipe lines, the ships, the sales contracts and the management. If either is omitted, the operator is helpless as an individual.

It thus appears—

(1) That none were eligible to membership excepting actual oil producers.

(2) That in any case the veto power, upon taking in new members, was lodged with the directors; that it requires a majority vote to admit.

(3) That the agency campaigned for new members the first half of 1910.

(4) That it suspended taking in new members from middle of 1910 until late 1911.

(5) That it took in a lot of new members about September, 1912,

but declined to do so unless the Union Oil Company guaranteed for one year that existing members should not be harmed thereby;
853 that is, that the taking in of such new members should not for one year reduce the proportion or price received by existing members.

(6) That it contracted not to take in new members without consent of Union Oil Company for year 1913.

(7) That it was open for new members but about a year and three months out of four years.

Couple all this with the fact that the agency was not an adjunct of the pipe line, but that the pipe line was a contract servant of the agency; the strenuous and necessary contract provisions, without assuming which the producer of oil could not become a stockholder in the agency, and the claim that the agency membership was but a segment of the "public" and that any producer, as a member of the public, could, as of right, become a stockholder of the agency, and entitled to have his oil transported by the pipe-line company,—it falls upon the mere statement and becomes an absurdity.

There was no testimony whatever indicating that there was any right which any oil producer had, as a member of the public, to become a member of the agency.

We submit that, on the face of the entire record, the plain documents, like any other documents, speak for themselves, and
854 that there is no evidence whatever indicating that there was ever any intention that the directors of Independent Oil Producers Agency should not have the absolute right to refuse membership in the agency, if they saw fit.

The Language Which We Ask the Court to Eliminate from the Opinion.

Articles of Incorporation.

The Honorable Railroad Commission has in many cases pointed to the general language of articles of incorporation as amounting to evidence of dedication of property to public use. This court has accordingly pointed out the injustice and fallacy of this practice in *Del Mar Water etc. Co. v. Eshleman*, 167 Cal. at 672-3. There the language was very broad and general and the court says:

"It is true that these provisions are broad, and that the company might, under its charter, engage in business as a public utility. * * * It has the naked authority to do business, but unless it be pursued in a certain way, it does not make the corporation a public utility. It is true that the corporation did not, as it might have done in its by-laws, limit the use of its water to the purchasers of land in the South Coast Land Company, * * *. But in practice its contracts were with the vendees of the land company. The serving
of water to the seventeen inhabitants of the old town of Del

855 Mar was not sufficient to make the water company a public utility, offering its water to the general public."

This holding not only relates to the articles of incorporation, but

suggests the parallel between serving the vendees of the land company in that case, and serving the corporate body known as the Independent Oil Producers Agency, acting for its stockholders, in this case. If any person who saw fit to pay the money could become a vendee of the land company, and thus qualify to obtain service from the water company, by the reasoning indulged by the court and already quoted from the opinion in this case, there would have been a different conclusion reached in the Del Mar case. Indeed, there is a remarkable parallel between the facts in that case and the statement of what we have shown to be the mistaken view of the facts in the portion of the opinion which we are here asking to be eliminated.

The opinion here in question proceeds:

"True, it required such applicant to comply with its rules, exactions and regulations, among which was membership—refused to none, however—in Producers Agency, an incident of which was that, for the term ending January 1st, 1920, they should appoint the agency to act for them in the transportation and sale of their oil."

856 In the Del Mar case the applicant for water was required to be a vendee of the land company and nothing else. He did not ever enter into a ten-year contract and vest the title of any of his property in a corporation, nor did he have to submit himself to a majority vote of the directors of the corporation to become a stockholder. He simply had to buy the land.

We have shown at length the scope of the agency business, and that, unless the producer was fortunate enough to get into the agency, there was no practical way for him to take care of his oil at Avila or to market the same, and that the pipe line was a mere incident and integral part of the agency system, which under a co-operative corporation owned, transported, stored and marketed oil produced by its stockholders.

The opinion proceeds as follows:

"That petitioner, in the indirect manner stated, voluntarily assumed the duty of, and embarked upon the business of, a public carrier in transporting oil for hire, in our opinion, admits of no doubt."

Referring to the facts which we have already shown at length in this brief, the precise contrary of this statement is, we submit, conclusively shown to have been the conduct of the business of Producers Transportation Company. It never embarked upon the business of a public carrier, nor did it ever carry a barrel of oil

857 in that capacity, nor did it ever carry any oil except for Independent Oil Producers Agency, under its express contract, and not under any duty to the public. Indeed, this pipe line, under its location and its contract, was so articulated with the agency system, including its storage facilities, and the tank ships which transported its oil, that without these facilities (which are certainly not public utilities) the pipe line would be absolutely useless to any producer of oil.

The opinion proceeds:

"The conditions imposed, subject to which it transported oil, how-

ever burdensome, applied alike to all producers seeking its service, and subject to compliance therewith, it carried everybody's oil to market."

We again refer to the undisputed facts which are precisely the contrary, as we have shown, of the foregoing statement. The original stockholders and members of the Independent Oil Producers Agency themselves proposed the entire arrangement and contract under which Producers Transportation Company was organized and financed, and every condition contained in that arrangement was a voluntary proposal made and formulated before Producers Transportation Company existed.

These conditions were not made as conditions simply to the transporting of oil by Producers Transportation Company for an independent producer. Primarily they were made to govern the larger business of the agency itself, which included the collecting, storing and handling of the oil and the absolute ownership of it by the corporate unit; the procuring of the pipe line to be built to convey this oil to the seaboard; the procuring and furnishing of storage facilities; the procuring of the use of wharves and of transportation by means of tank ships, and finally, the procuring of a selling organization which should handle and market the oil under term contracts and in large quantity, in competition with the other large marketing companies. All these things were contemplated and covered by the contracts, conditions and exactions imposed upon membership in Independent Oil Producers Agency, and were so imposed by the very members themselves and not by the Producers Transportation Company.

It is very evident that the conveying of anybody's oil to the town of Avila was not a conveying of it to any market whatever, and we have shown that, unless a producer was entitled by contract and membership to the agency's facilities above outlined, he would not be able in any wise, either directly or indirectly, to avail himself of Producers Transportation Company's pipe lines "to convey his oil to market." Indeed, when the producer became a member of the agency and delivered his oil to that corporation, it absolutely ceased to be his property, and was handled, owned, transported and sold as the property of the corporation, and he received only his pro rata resulting from the general business, and not the proceeds of the sale of any particular oil. Therefore, petitioner did not "carry everybody's oil" nor anybody's oil, excepting only that which was owned by Independent Oil Producers Agency.

The opinion proceeds:

"The evidence upon which the commission based its action in making the order, shows that petitioner, by its voluntary act, devoted its property, indirectly at least, to the use of the public in transporting oil."

We have shown that this is an incorrect statement and is contrary to the evidence. Indeed, the entire portion of the opinion here complained of evidences a misunderstanding of the nature, character and scope of the Independent Oil Producers Agency and the Producers Transportation Company, and of the contracts and

practices, which are fully set forth in the record, and because of this misconception which we have undertaken to point out, we submit that great injustice would be done if this portion of the opinion is permitted to stand as the law of this case.

As matter of fact, therefore, the agency corporation was not a mere enclosure of a certain class of the public, into which any member of the public could voluntarily enter, and out of which he could voluntarily escape.

860

The Law.

Upon this branch of the opinion the reasons given, we respectfully submit, are contrary to law.

"To constitute a valid and complete dedication, two things must concur, to-wit:

An intention by the owner, clearly indicated by his offers or acts, to dedicate the land to public use, and an acceptance by the public of the dedication."

S. F. v. Canavan, 42 Cal. 553, 554;

Weems Steamboat Company v. People's Steamboat Company, 214 U. S. 357.

"Dedication is never to be presumed, without evidence of an unequivocal intention on the part of the owner."

Quinn v. Anderson, 70 Cal. 456;

Niles v. City of Los Angeles, 125 Cal. 578.

"The essential feature of a public use is that it is not confined to privileged individuals, but is open to the indefinite public. It is this indefiniteness or unrestricted quality that gives it its public character * * *"

Fallesburg P. Co. v. Alexander, 101 Va. 98;

Quoted with approval in Thayer v. California Development Company, 164 Cal. 125.

861 "It is an essential feature of the latter (a public trust) that the beneficiaries are uncertain; a class of persons described in some general language often fluctuating, changing in their individual members, and partaking of a quasi-public character * * *. The smallest street is public, for all have an equal right to travel on it, but a way used by thousands which may be shut against a stranger is private."

Thayer v. California Development Company, 164 Cal. 126-30.

In the case of L. & N. R. Co. v. West Coast Naval Stores Company, 198 U. S. 485, the Supreme Court of the United States has said:

"It is well said by counsel for defendant in their brief that 'the very nature of a wharf, and its inadequacy to meet the demands of every incoming vessel, necessitates that its use should be exclusively for those with whom the carrier enters into arrangements. The

carrier has a right to select a strong connection instead of a weak one,—one that will give assurance of permanent business, instead of one that can offer only occasional shipment.”

We have shown:

First. That the agency was a corporate body long before Producers Transportation Company was proposed, and that, as a corporate unit, it had the power to contract and be contracted with, and that it fortified this power by requiring its stockholders and members to enter into term contracts with it, covering their land 862 and its oil content and vesting in the agency the ownership in the oil when delivered to it, with plenary powers to handle and sell the same.

Second. That this corporate unit,—for the purpose of procuring the building of a pipe line to handle its oil,—entered into a contract with Producers Transportation Company for the transportation of all oil owned or handled by the agency during a period of ten years; that to further secure the stability of the pipe-line company, so that it could be financed, the agency also procured the individual stockholders and members of the agency to make separate contracts running with the land, and obligating them to deliver their oil (in case the agency should not be in position so to do) through the pipe line.

Third. That no oil has ever been run by any of these members individually, but that the agency has at all times owned, handled, transported and sold the oil produced by all of its members, and there has never been any practical use made of the collateral and secondary contracts of the members,—which were taken as security, as above stated.

Fourth. That there was no understanding or purpose but that the directors of the corporate body (the agency) should have full power to refuse admission to any applicant, in their discretion.

863 Fifth. That the form of the contracts, first, between the member and the agency itself, and second, between the agency and petitioner, and third, the security contract between the individual and Producers Transportation Company, showed an unquestioned purpose to deal with all phases of this situation by and through binding contracts which should insure the delivery of all the oil owned or handled by the agency through the Producers Transportation Company pipe lines for ten years, and at the rate agreed upon and fixed by these contracts. Manifestly it was furthest from the contemplation of any of the members that any question should ever be permitted to arise as to the binding force of every provision of these contracts, and especially that relating to the prices to be paid for transporting the oil during this period.

Sixth. That the agreement made with Union Oil Company of California, whereby no new members should be taken in for the period of one year without its consent, is proof positive that the right to reject applicants was fully understood to be retained and enforceable at the will of the directors of the agency.

Under these conditions and as matter of law, does the fact that the agency was seeking new members during fifteen months out of four

864 years, and that it did not in fact reject any application in any formal way, warrant the court in finding that, on the face of the contracts made in 1909 and never changed, Producers Transportation Company was dealing with a portion of the public as such, rather than a corporate body, private in character, and capable of being bound by its simple contracts?

Manifestly, if the agreements originally contained no indications of this remarkable character, they cannot be modified either by later statutes or by the practices of one only of the parties to the contract.

It is our understanding of the laws of California that the dedication of property would be either to the public generally or to some geographical unit of the public. It has not heretofore been deemed the law that some persons of a class may have certain privileges as members of the public, and that others of the same class do not have like privileges.

The by-laws of the Independent Oil Producers Agency provide that subscribers must be bona fide producers of oil. This is not sufficient to take in any geographical division of the public. A bona fide owner of oil by purchase would have as much use of public facilities as would a bona fide producer of such oil within the same territory.

865 Manifestly the Standard Oil Company or Associated Oil Company (however enormous their output) could qualify as producers of oil, and therefore, as members of the public belonging to that alleged class, could not be excluded.

But the whole matter, under the by-laws, is regulated by contract, and unless the applicant is such that the directors of the company elect to enter into a contract with him, he cannot become a subscriber. This contract is sufficiently burdensome if violated. It permits the agency to control the oil and the land of the member for the production of the oil if he fails to produce it. This is not in the nature of a public subdivision at all, and it would be carrying the rule of dedication to hazardous lengths to hold that Producers Transportation Company, in dealing with such a corporation as Independent Oil Producers Agency, under written contracts of the character here in question, may be later confounded by the holding that it was not dealing with a corporate body at all, and was not dealing with the members as private individuals at all, but that it was dealing with one of those subdivisions of the public with which it could not deal in any wise, even by strenuous contract, without subjecting itself to a dedication of its property as a public utility and common carrier.

Dedication is a matter of intention, and there is nothing in these contracts which Producers Transportation Company or its bondholders or stockholders could be charged with supposing constituted them a dedication of its property to any known portion or subdivision of the public, so as to charge it with a public use.

836

II.

Eminent Domain.

Producers Transportation Company further asks the court to grant a rehearing as to the claim that its facilities were and are dedicated to public use by its having invoked the power of eminent domain.

The facts surrounding this matter are stated by Mr. Gregg [Rec. pp. 249-254]:

It appears:

1. That the right to condemn was contested;
2. That the whole matter was disposed of by settlement;
3. That the judgment of condemnation was entered to carry out the settlement,—because of a minor heir;
4. That the whole matter was abandoned and a new agreement and arrangement was made.

Inasmuch as Producers Transportation Company never held itself out as inviting the public or any part of the public to use its lines; and because no member of the public ever either tendered oil for transportation or received or demanded any such service during the existence of the pipe line; and because it has at all times been a

known fact that the corporate body known as Independent Oil Producers Agency was the sole and only owner of oil that was equipped to use Producers' pipe line—saving only the Standard Oil Company and Associated—we submit that whatever effect may have resulted, as matter of law, from the condemnation proceeding above described, the same was abandoned, and any offer was withdrawn and never was accepted.

If a formal declaration that it is not acting nor proposing to act as a public utility or common carrier, be necessary, the answer of Producers Transportation Company before the Honorable Railroad Commission is such a formal declaration. If any formal withdrawing of an offer of dedication—never accepted—be necessary, the answer is such formal withdrawing.

The only oil transported by Producers Transportation Company has been that owned by, controlled by, and handled under express contract with Independent Oil Producers Agency. We have shown that this corporation was not a mere form of "enclosure" into which a member of the public could enter as of right and escape at his pleasure, but a fully organized, big business enterprise, controlling as a corporate unit an entire complex system, including the right to the service of this pipe line under term contract and at a fixed rate.

868 "In this state it has been uniformly held that the owner may, at any time before his offer of dedication is accepted by the public, withdraw the same."

People v. Reed, 81 Cal. 78;

Niles v. City of Los Angeles, 125 Cal. 577.

Under the provision of subdivision (b) of section 1 of chapter 327, Statutes of 1913, every private corporation and every individual or association of individuals transporting oil "to or for the public" for hire, and where said pipe line extends across or in any public highway, and "in favor of whom the right of eminent domain exists," is declared to be a common carrier, subject to the Public Utilities Act.

Producers Transportation Company did not at the time the Commission cited it to show cause, fall within either the first or third of the specifications above quoted, much less did it fall within all of them, as would be required to make it a common carrier under the terms of the Act.

First. We have already shown fully, and we submit conclusively, that it was not then engaged, nor was it ever at any time engaged, in the carrying of oil "to or for the public" at all, and that its very contract obligations practically prohibited such fact and the location of its pipe line further made such carriage impractical, so that 869 no member of the public, as such, ever demanded or received its service.

Second. The pipe line, of course, like all such pipe lines, does in fact cross public roads in the ordinary way.

Third. If Producers Transportation Company at the time it was cited by the Honorable Railroad Commission in 1913, had undertaken to exercise the right of eminent domain, and such effort had been resisted, it seems manifest that its history and the location of its pipe line, and the fact that it never served nor offered to serve any part of the public, but confined its business to transporting the oil of a single private mutual corporation only, would absolutely defeat any claim of the right to exercise the power of eminent domain.

We have already shown that the instance referred to in the opinion in this case was not a completed "seizing" of property at all, and that the matter was subsequently abandoned, and the right-of-way acquired by subsequent and new contract,—the only point of contact being that under the new contract the right-of-way acquired for a short distance included a portion of the right-of-way described in the attempted condemnation proceeding.

From the statement of facts in the record made by the attorney who prepared these pleadings in condemnation case, it ap- 870 pears that the question of whether the company was a common carrier at all was denied, and that, in part, because of this denial and the issue thus raised, the attorney for the company desired to avoid a trial and continued the negotiations for settlement, which he had been unable to conclude before, and finally succeeded in effecting a settlement under which it was not intended that any decree should be entered, but that the decree resulted without discussion or negotiation from the discovery that one of the parties was a minor.

It does not appear that any possession was ever taken under the judgment of the Superior Court in that case, and it affirmatively does appear that the pipe line which was afterward built was never devoted to public use at all. It is therefore a naked question whether

the mere allegation in the complaint and the proceedings as above outlined constituted an estoppel, as against the company, to assert the truth when the matter came up in response to the citation of the Honorable Railroad Commission.

We submit that no such estoppel exists. Estoppels are not favored, and are never allowed except where substantial injury would result if the party were permitted to assert the truth. No such injury can be here claimed.

Since Producers Transportation Company is not engaged
871 in transporting oil "to or for the public," and since the right of eminent domain does not in fact exist in its favor nor has it in fact so existed since its line was completed, we submit that two of the three vital elements prescribed in subdivision (b) section 1, chapter 327, necessary before the company can be declared a common carrier, are missing.

Referring further to the provision of subdivision (b) and to the language "and in favor of whom the right of eminent domain exists," the test is evidently the existing fact as to whether or not the right of eminent domain does or does not now exist, and there is no connection whatever between that language and some previous attempt before the pipe line was ever built to exercise the right of eminent domain. Indeed the right of eminent domain or power to use that authority inheres in every individual, potentially, who owns property capable of being devoted to public use of a certain character; but it would not be claimed that for this reason, and in the absence of the actual present dedication of such property, to such public use, so that the public rights have actually attached, the potential right of eminent domain so inhering in every individual would be sufficient to fix upon him the character of being one "in whom the right of eminent domain exists," under the language of this act.

872

III.

No Public Need.

Petitioner asks that a rehearing be granted on the ground that under section 5 of the Act of 1913 said act does not apply to this petitioner or to its business.

Since Producers Transportation Company's pipe lines have their terminal at the town of Avila (50 or 60 inhabitants), where the oil facilities are controlled by the Independent Oil Producers Agency; and since that corporation is a private corporation, whose property has never been dedicated to the public, we inquire how can the public or any part of the public make practical use of this pipe line?

If the physical facts limit the use to the corporation which controls these facilities, then we submit section 5 of the Act of 1913 must apply. That section declares:

"The provisions of this act are not to be construed to apply to any corporation, individual or association of individuals, where the nature and extent of their business is such that the public needs no use in

the same, and the conduct of the same is not a matter of public consequence."

Apply that to the undisputed facts:

1. The "nature" of Producers Transportation Company's business—as regards the "public"—is such that
 873 (a) No member of the public not a "bona fide producer of oil" could become a member of the agency, and through that fact "indirectly" obtain the use of this pipe line.
 (b) No individual producer can obtain service directly, and could not use the right if he had it.
 (c) As a member of the Agency Company, a producer owns no oil, and the service to the corporation is surely not even "indirectly" service to him as a member of the public.
 (d) No person can—as a member of the public—or without the free vote of a majority of the directors of the Independent Oil Producers Agency, and entering into a contract transferring his oil to that corporation,—become a member or stockholder in the agency corporation. (This we have fully discussed.)

Therefore the "nature" of the business cuts it off from any usefulness to the "public" as such. No independent shipper or producer in the valley can use these pipe lines. They go nowhere that could be of use to anybody except the agency corporation, or possibly Standard Oil or Associated.

2. The "extent" of the business—as regards any shipment "to or for" any part of the public is nothing at all. There never was any such shipment or business.
- 874 3. The public "needs no use" in these pipe lines, because the public cannot practically use them, either as shippers or consumers.

4. For the same reasons, this business is not a matter of "public consequence."

Since the undoubted facts show that no individual producer (other than Standard Oil or Associated) could make any practical use of these pipe lines of Producers Transportation Company or has ever even claimed that he could,—and since there is no market at Avila and no public terminal facilities—we submit that section five of the act would forbid control by the Railroad Commission, and we respectfully request that the court so order.

Conclusion.

Petitioner therefore respectfully asks:

First. That the judgment and decision be modified by striking out the portion of the opinion and decision herein first set out.

Second. That rehearing be granted as to judgment and decision as to each and all grounds and parts thereof, and that the same be vacated.

875 Third. That the court find that—for reasons stated in subdivision III foregoing—petitioner and its business are not subject to regulation by the Honorable Railroad Commission.

All of which is respectfully submitted.

ANDREWS, TOLAND & ANDREWS AND
PAUL M. GREGG,

Attorneys for Petitioner.

876 Due service of the within, and receipt of a copy hereof, is hereby admitted this 6th day of December, A. D. 1917.

RAILROAD COMMISSION OF CALI-
FORNIA,

By J. CONVERSE,

Sec., Los Angeles Office.

Affidavit of service inside.

877

Monday, December 17th, 1917.

In Bank.

L. A. 4230.

PRODUCERS TRANSPORTATION CO.

v.

RAILROAD COMMISSION et al.

By the COURT:

Rehearing denied, December 17, 1917.

ANGELLOTTI, C. J.

878 I, B. Grant Taylor, Clerk of the Supreme Court of the State California, do hereby certify that the preceding and annexed is a true and correct copy of order denying petition for rehearing, Dated December 17, 1917, as shown by the records of my office.

Witness my hand and the seal of the Court, this 26th day of September, A. D. 1918.

[Seal Supreme Court of California.]

B. GRANT TAYLOR, *Clerk,*

By I. ERB, *Deputy Clerk.*

— Office.

879

Original.

In the Supreme Court of the State of California.

L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner
(Plaintiff in Error),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELEN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents (Defendants
in Error).

Petition for Writ of Error.

To the Honorable F. M. Angellotti, Chief Justice, and to the Honorable Associate Justices of the Supreme Court of the State of California:

The petition of Producers Transportation Company, a California corporation, having its principal place of business at Bakersfield, California, respectfully shows:

1. That some years prior to 1909 extensive deposits and measures bearing petroleum oil were discovered by various persons and corporations, and determined to exist in sundry large areas, in the Counties of Fresno and Kern in the San Joaquin Valley in the State of California; that available railroad facilities were entirely inadequate for the transportation to market of the oil produced from said oil fields; that there were three pipe line systems for the transportation of oil from said fields to tide-water of the Pacific Ocean; (a) one constructed, owned and operated by Standard Oil Company of California and extending from said oil fields to Richmond, on San Francisco Bay; (b) Two or more lines constructed and operated in whole or in part by the Associated Oil Company or its agencies, and extending to tide water at Monterey and San Francisco Bay; that said pipe line systems above named and said railroad transportation were the only means of transporting the oil produced in said oil fields to market or to tidewater; that substantially all the oil produced in said oil fields by parties, other than Standard Oil Company and said Associated Oil Company and their agencies, was purchased by said Standard Oil Company and said Associated Oil Company from the small or independent producers; that, in consequence thereof, the market price of the oil of said independent producers was such only as the said pipe-line owners were willing to pay, and fell below the actual cost of production, and was ruinously inadequate; that for the purpose of securing relief from this insufferable condition, and to enable them to mass their

oil production, and to handle and market the same as a unit, the independent oil producers of said San Joaquin Valley Oil fields organized two co-operative corporations, incorporated under the laws of the State of California, known respectively as Coalinga Oil Producers Agency and Independent Oil Producers Agency,—which subsequently were consolidated into Independent Oil Producers Agency,—hereinafter referred to as the Agency; that each of the independent oil producers participating became the owner of one share only of the capital stock of the Agency and entered into a long term contract effectually binding him to deliver to the Agency, immediately upon production, and to vest in the Agency the title and absolute power of handling and disposition of, all oil produced from his oil property; these stockholders were in part individuals and in part corporations, and were approximately one hundred fifty in number, and are hereinafter sometimes referred to as Agency Members; that in and before the fall of 1908 said Agency Members made vigorous and persistent efforts to secure capital to construct a pipe-line system for the transportation of their oil from the fields of production to tidewater of the Pacific Ocean, a distance of between
881 one hundred and two hundred miles; that the capital requisite therefor, then estimated at from three to five million dollars, was beyond their available means and credit; that said Agency Members, after vigorous and persistent efforts during several years prior to 1909, had been unable to make arrangements with said existing transportation and marketing concerns which would enable them to participate in the marketing of their oil or in the benefits thereof after the termination of their existing contracts, which were soon to expire,—said marketing concerns refusing either to transport or handle said Agency oil otherwise than by the absolute purchase thereof in the fields at arbitrary prices fixed by the marketing companies, and entirely unprofitable to the producers;

That at this juncture, the procuring of the use of a pipe line appearing to be the only relief from their difficulties, said Agency Members of said co-operative companies, on their own initiative, for the purpose of providing securities as a basis of financing a pipe line system adequate for the transportation of their oil to tidewater, conceived and carried out the plan of interesting the necessary capital therefor by entering into contracts with trusted Agency Members, whereunder said independent producers bound themselves individually to the effect that they would, for the full period of ten years, commit all of the oil produced from their properties to be transported through a pipe line which should be constructed pursuant to such contracts, and that they would pay for such transportation, on the terms and conditions fixed by said contracts, fixed rates per barrel for such transportation during the whole of said term,—the performance of said contracts being secured by their respective properties and the oil produced therefrom; that said contracts were, however, subject to the contracts between the independent producers and the
882 Agency for the delivery to, and vesting of title in, and absolute handling and marketing of, all oil produced from their respec-

tive properties by, the Agency for the same full term of ten years; that at the same time the Agency entered into identical contracts with said trusted Agency Members for the transportation of all oil owned or handled by the Agency during said full term of ten years by and through such pipe line under the same terms and conditions and at the same rates of charge as specified in the individual contracts; that by the terms of said pipe line contracts it was provided that the same would be assigned to a corporation organized for the purpose of constructing such pipe line, adequate for the transportation of all of the oil produced by said Agency Members, from the fields of production to tide water of the Pacific Ocean, and which would obligate itself to transport and handle said oil on the terms and conditions and at the rate of charge and for the full term of ten years from February 1, 1910, all in accordance with the requirements of said contracts; that pursuant to said contracts, and upon the assurances and security afforded thereby that there would be an ample and continuous supply of oil for transportation throughout said period of ten years, and upon the assurance of the revenue to be derived from the transportation of all Agency oil during said full period of ten years, at the rates and upon the terms fixed in said contracts, Producers Transportation Company, petitioner herein, was incorporated under the laws of the State of California, took over and assumed the performance of said contracts, and became obligated thereby to transport all Agency oil in accordance therewith, and was enabled to, and did, create its bonded indebtedness and market its bonds and securities and otherwise secure credit and finance itself to the aggregate extent of more than \$5,000,000.00, for and in the construction, completion and operation of its pipe line systems herein-after referred to, to wit:

882½ (a) An 8-inch line about 40 miles in length from Coalinga, through Fresno and Kings Counties, to Junction Station in Kern County;

(b) 2 8-inch and 2 6-inch lines in Kern County for the transportation of oil from the Kern River and the Maricopa, Midway and McKittrick and the Lost Hills and the Belle Ridge Fields respectively for delivery of oil to said Junction Station, said lines having an aggregate length of over 100 miles;

(c) 2 8-inch pipe lines running from said Junction Station over the mountains via Santa Marguerita Station, a distance of 60 miles, to "Tank Farm" (containing storage containers of several million barrels capacity) constructed by Union Oil Company of California for accommodation of oil handled by petitioner for said Agency, the same being situate 2 or 3 miles southeasterly from the City of San Luis Obispo and some 10 miles from Port San Luis,—said lines being each about 60 miles in length;

(d) 2 8-inch pipe lines, all in San Luis Obispo County, California, from said storage containers or "Tank Farm" a distance of about 10 miles to said Port San Luis, a loading station at tidewater of the Pacific Ocean.

That commencing with the year 1910 and pursuant to said contract with the Agency, Producers Transportation Company entered

upon the performance of its contract for the transportation, and handling of said oil and has at all times subsequent thereto fully and faithfully performed said contract, that as shown by the record herein petitioner has at no time been either a producer or a purchaser of oil, but has confined its operations to the transportation of oil delivered to it for that purpose by the Agency; that further, as shown by the record, said pipe line systems and each thereof has at all times since its construction been used exclusively for carrying oil of said Agency and has at no time transported any oil for any other person or corporation whatsoever.

That as found by the Honorable Railroad Commission in this proceeding,

"On August 1, 1913, the Independent Oil Producers Agency had 175 members. These members were producers in the Coalinga, Kern, McKittrick, Midway and Maricopa fields. The Agency represents a production of 1,500,000 barrels of fuel oil per month."

883 That,—as appears from the record,—each member of the

Agency was required to sign a ten-year contract by which he agrees to deliver to the Agency for handling and sale, all oil petroleum produced by him on specified lands and vesting the title of such oil in the Agency. This contract runs with and binds the lands of the Producer for the full performance of the contract requirements.

That, as further appears from the record, and the Honorable Railroad Commission found as a fact herein, the Agency member in becoming such "is required to comply with conditions which would never be imposed by oil pipe lines which are common carriers"; that the organization of said Agency is and always has been such as to allow it to receive new members, but, within restrictions prescribed by its organization, and having relation to its ability, from time to time, to provide for the transportation.

That Port San Luis, which is said tide water terminus of said two 8" pipe lines of Petitioner, extending from said tank farm in San Luis Obispo County, is simply a loading station some distance from a small hamlet of less than one hundred people, and where there is no market for the sale of oil; that neither the petitioner nor the Agency owns any facilities of carrying the oil from Port Harford, but the same is transported by vessels under arrangement between the Agency and Union Oil Company of California.

In the fall of the year 1909 (some months after the taking over and assumption of performance of said contracts for transportation of oil as aforesaid) Petitioner needed the right of way across a small tract of land in the Section of ten miles, more or less, for one of its

884 said 8" pipe lines of said system lying between said tank farm and said tide water terminus at Port San Luis; that being wholly unable to procure such right of way by negotiation and purchase, it commenced an action in the Superior Court of the State of California in and for the county of San Luis Obispo, entitled Producers Transportation Company vs. Gaspar O. Marre, et al., for a decree condemning in its favor such right of way, and by its complaint therein Petitioner alleged its right to exercise the power of

eminent domain; that such allegation among others was denied by the answering defendants; that subsequently, the matter was compromised and adjusted by negotiations, and pursuant to a stipulation in that behalf a consent decree of court was entered granting plaintiff the relief prayed for; that subsequently the route of the pipe line in that locality was so changed that the right of way affected by such decree was, as a matter of fact, not used by petitioner, but a right of way in another location was acquired by negotiation and purchase.

That said entire transaction was concluded in the year 1909 and before the completion of said portion of said pipe line system of petitioner lying within San Luis Obispo County, California, and before petitioner had finally completed any of its several pipe line systems, and a long time prior to the construction of the second of said two 8" pipe lines from Junction Station to said "tank farm" and the construction of the second of said 8" lines from said "tank farm" to Port San Luis;

That at all times since the completion of its respective pipe line systems, and at all times since it began transporting oil therethrough, Producers Transportation Company by its conduct, by its acts and by its declarations, and uniform policy has confined its operations exclusively to the performance of said private contract with 885 said Agency and has refrained from and has refused to act in any public or quasi-public capacity, or to transport any oil for the public or any portion thereof directly or indirectly.

That if, by reason of any of its allegations, Petitioner could be said to have offered to dedicate any part of either of its pipe lines to public use, such offer was limited; that neither the public nor any part of the public ever at any time accepted any such offer of dedication and the same was as aforesaid absolutely withdrawn by Petitioner, which has at all times confined its transportation of oil to the oil owned and furnished to it by said Agency a private corporation, such transportation being under a special private contract at fixed rates and on specific terms.

That the organization of the Agency is and always has been such as to allow it, subject to certain qualifications and restrictions to receive new stockholder-members; that a necessary qualification for membership is that of being a bona fide producer of oil; that new members otherwise qualified can be admitted to the Agency only upon resolution duly adopted by majority vote of its Board of Directors; that each new member must assume the same contract obligations as existing members; that no producer of oil tributary to the facilities arranged for by the Agency,—although qualified therefor,—is entitled to membership as a matter of right; that as a necessary element of its organization as a private concern, the Agency has retained the right to determine who may be received as new members and when they may be so received, and on several occasions has actually exercised its right, power and discretion of suspending 886 the receiving of new members for considerable intervals.

That the question of the capacity of the available facilities of your Petitioner is and necessarily has been an element con-

sidered by the Agency in determining the advisability of taking in new members; that said Agency handles only the oil of its members under and pursuant to said ten year contracts hereinabove referred to; that the Agency neither sells its oil in the field nor at tide water to any marketing concerns but has effected such arrangements that its oil is sold and delivered by it directly to the consuming public, in the free open market.

That Petitioner's only activity or service in connection with said oil is that it receives said oil from the Agency into its lines in the oil fields and transports and re-delivers the same to the Agency.

That in the fulfillment of its contract with the Agency, Petitioner is at most times required to devote the entire capacity of its respective pipe line systems to the transportation of the said oil for the Agency under said contracts,—that if by reason of any laws or constitutional provision or by reason of any orders of any board or commission or by reason of any decrees of any courts of the State of California, the respective pipe line systems owned by Petitioner should be held or declared to be common carrier facilities or public utilities, and to be subjected to the transportation of oil for the general public, or its activities pursuant to said contract, or be otherwise interfered with, it will become and be physically impossible for Petitioner to fulfill its contracts, and the obligations of said contracts and each of them will be directly and materially impaired. That all and singular the statements contained in this Subdivision 1 are shown by the record

in the proceedings hereinafter more particularly referred to.
887 That there were numerous parties respondent in said case

No. 450 before said Railroad Commission in addition to plaintiff in error and in particular Associated Pipe Line Company, Associated Oil Company, Standard Oil Company and General Pipe Line Company, all corporations, were made respondents therein by said Honorable Railroad Commission, and by it were held to be common carriers and public utilities under the laws of the state of California, the record in said case being one and the same insofar as the question of monopoly was concerned; that said Associated Pipe Line Company and said Associated Oil Company also took proceedings in review before said Supreme Court of the State of California for the annulment and setting aside of the orders of said Railroad Commission whereby said corporations were adjudged to be common carriers and public utilities and were required to file with said Railroad Commission schedules of their rates and charges for the transportation of the crude oil, petroleum and the products thereof by means of pipe lines from the San Joaquin Valley Oil Fields in the State of California and their rules and regulations in connection with such transportation. That said Honorable Railroad Commission in said case No. 450 assumed to find that Producers Transportation Company and said Associated Pipe Line Company, said Associated Oil Company and said Standard Oil Company have secured the control and monopoly of the transportation of crude oil, petroleum and the products thereof, from the San Joaquin Valley Oil Fields; that such finding and conclusion of said Honorable Railroad Commission, being a finding appropriate only for establishing its jurisdiction over

said Producers Transportation Company and said other corporations in said case, was and is beyond its power and authority to make, and the same was and is subject to review by the Supreme

888 Court of California as such fact necessary for determining such jurisdiction of said Railroad Commission; that in said cases brought by said Associated Oil Company and said Associated Pipe Line Company before the Supreme Court of the State of California, the same being respectively Nos. S. F. 7376 and 7377 therein, and entitled respectively in the name of said two corporations last named against said Honorable Railroad Commission, said Supreme Court, reviewing the same record reviewed by it in the above entitled cause against plaintiff in error insofar as it affected the question of such monopoly, reversed said Honorable Railroad Commission on this holding and ground, and held and found that the evidence shows that "while the position of petitioners and owners of other pipe lines (which owners included Producers Transportation Company) gave them, as found by the Commission, an advantage over the independent producers in transporting their product, thus affording an opportunity enabling them to enter into an unlawful combination in restraint of trade, our attention is directed to no evidence which in the slightest degree tends to establish such fact."

That said decision in said cases Nos. S. F. 7376 and 7377 was rendered by the Supreme Court of California on November 20, 1917, and is hereby referred to as reported in Volume 54, at pages 588 et seq., in the volume known as and called California Decisions, and also as said decision is or will be reported in the official volume of the California Reports of the decisions of the Supreme Court of California.

889 2. That by an amendment originally adopted by a vote of the People of the State of California taken and given on October 10th, 1911 (long after each and all of the contracts mentioned in Subdivision 1 hereof were made and entered into and long after the pipe line systems of Producers Transportation Company had been financed on the basis of said contract, constructed and completed), the Constitution of the State of California was amended by an addition to Article XII thereof of Section 23 thereof which, amongst other things, provides that "every private corporation * * * operating * * * any * * * pipe line * * * within this State, for the transportation or conveyance of * * * crude oil * * * either directly or indirectly, to or for the public, and every common carrier, is hereby declared to be a public utility subject to such control and regulation by the Railroad Commission as may be provided by the Legislature."

That said constitutional provision was, on the date last named, enacted for the first time as a part of the Constitution of the State of California, and that prior thereto such provision did not exist, nor did any similar provision exist as any part of the Constitution of the State of California.

That prior to the adoption of said amendment, petitioner had been for nearly two years engaged in the transportation of oil for said Agency, exclusively as aforesaid, and its policy as a private

corporation transporting oil for a single private corporation and in no wise for the public, directly or indirectly, had become established and recognized.

3. That the Statute of the State of California, commonly known as the "Public Utilities Act of the State of California" was originally enacted by the Legislature of the State of California and approved on December 23rd, 1911; that the same is published in the 890 volume entitled "Statutes and Amendments of the Codes of California,—Extra Session, 1911," at pages 18 et seq., and is known as Chapter 14 of the Statutes of said Extra Session.

4. That the Legislature of the State of California at its Session in 1913 enacted a Statute designated as Chapter 327 of the Laws of the State of California, Statutes of 1913, published on pages 657 et seq. of said Statutes of California for 1913; providing that certain pipe lines for the transportation of crude petroleum oil and its products are common carriers and subject to the jurisdiction of the Railroad Commission of the State of California, and that said Act is set forth in full in the record herein, and is hereby referred to.

5. That on or about the 11th day of August, 1913,—on its own motion—the Honorable Railroad Commission of the State of California made its "Order for Investigation" in said case entitled, "Before the Railroad Commission of the State of California, Case No. 450, In the Matter of Compliance of Oil Pipe Lines with the Provisions of Chapter 327 of the Laws of 1913," declaring certain corporations, associations and individuals to be Common Carriers and Public Utilities, subject to the Provisions of the Public Utilities Act, wherein and whereby this petitioner,—together with numerous others,—was cited and required to appear before the Railroad Commission at its office in the City of San Francisco, State of California, on Thursday, the 4th day of September, 1913, to show cause why the Railroad Commission should not make its order requiring it to file with said Commission schedules of its rates and charges for the transportation of crude oil and petroleum or the products thereof, and its rules and regulations in connection with such transportation "and otherwise to comply fully with said Chapter 327 of the Laws of

1913"; in connection with and supplemental to such order, 891 and on or about the 11th day of August, 1913 the Honorable

Railroad Commission, through its Secretary, also served upon this petitioner "Notice on Order to show cause" entitled in the above entitled case No. 450, notifying and citing this petitioner to appear before the State Railroad Commission at the time and place and for the purpose hereinabove set forth, and also requiring this petitioner to present evidence on certain specific points in said "Notice on order to Show Cause" set forth; which said "Order for Investigation" and said "Notice on Order to Show Cause" form a part of the record in said case. That in compliance with said "Order for Investigation" and citation and notice on order to show cause, your petitioner,—without waiving, but on the contrary urging, objection to the power and jurisdiction of the Honorable Railroad Commission to investigate, hear or determine any question of law or fact in any manner affecting the rights of this petitioner,—made its special ap-

pearance and filed its Appearance and its Amended Appearance and Statement, which form part of the record in this case.

6. That such proceedings were taken in said Case No. 450, that hearings were held by the Honorable Railroad Commission and evidence was introduced which, without any conflict of evidence,—as your petitioner is informed and believes, and therefore states, sustained all and singular the statements hereinabove set forth and all and singular the allegations set forth and contained in this petitioner's appearance and Amended Appearance and Statement on file with the Railroad Commission in said case No. 450, and which form a part of the record in this case.

That by its said appearance and its amended appearance and likewise at said hearing before said Honorable Railroad Commission petitioner urged the protection of its rights afforded by the Federal Constitution and that any order which might be made holding it to be a common carrier or that its pipe line facilities were public utilities or required petitioner to in any manner respond to the orders of the Honorable Railroad Commission would be and constitute the taking of the private property of petitioner for public use without compensation and without due process of law and would be a denial to petitioner of the equal protection of the laws, all as guaranteed by the 14th Amendment to the Constitution of the United States, and would further constitute an impairment of the obligation of said contracts between petitioner and the Agency hereinabove referred to.

7. That subsequently, and on or about the 31st day of December, 1914, the Honorable Railroad Commission rendered and filed its opinion, findings, decision and order in said case No. 450, wherein and whereby the Honorable Railroad Commission found, decided and ordered that Producers Transportation Company was a common carrier and public utility, and subject to the provisions of the Public Utilities Act of this State in the transportation of crude oil, petroleum or the products thereof by means of pipe lines from the San Joaquin Valley oil fields and thereby this petitioner was further ordered and required to file with the Honorable Railroad Commission schedules of rates and charges for the transportation of crude oil, petroleum or the products thereof by means of its pipe lines from the San Joaquin Valley oil fields in the State of California and also rules and regulations in connection with such transportation, and said opinion, findings and order otherwise adversely,—and as this petitioner believes and therefore alleges, unlawfully,—dealt with the rights and property interests of this petitioner, which said
893 opinion, findings and order constitute a part of the record in said case.

8. That at no time has this petitioner either offered to dedicate or dedicated its pipe lines or facilities or any part of any thereof to public use; that said order and decision of the Honorable Railroad Commission, if permitted to stand, will in effect deprive this petitioner of its property without due process of law and will deny to this petitioner the equal protection of the laws and will amount to and constitute the taking and damage of the private property of this peti-

tioner for public use without compensation, all in violation of the provisions of Section 1 of the 14th amendment of the Constitution of the United States, which provides that "No state shall deprive any person of life, liberty or property without due process of law"; and which further provides that "No state shall deny to any person within its jurisdiction the equal protection of the laws," and is and will be in violation of the rights of petitioner under said provisions of the Constitution.

That if said order and decision is permitted to stand the same will constitute a direct and material impairment of the obligation of the contracts for the transportation of oil entered into by this petitioner as hereinabove set forth in violation of the provisions of Section 10 of Article I of the Constitution of the United States which provides "No State shall * * * pass any * * * law impairing the obligation of contracts * * *" and in violation of the rights of petitioner thereunder.

9. That within the time prescribed therefor by law your petitioner duly made application to the Honorable Railroad Commission for a rehearing in said case No. 450 specifically setting forth the grounds on which petitioner considered said opinion, finding, order and decision to be unlawful and among other things specified the
 894 violation thereby of said provisions of the Constitution of the United States and of each thereof and of the rights of your petitioner thereunder; that thereafter and on or about the 18th day of March, 1915, the Honorable Railroad Commission filed its decision No. 2241 in said case No. 450 wherein and whereby the said application of petitioner for rehearing was denied and petitioner was again ordered and required to file with the said Commission schedules of rates and charges for transportation of crude oil, petroleum or the products thereof, and its rules and regulations in connection with such transportation, all in further violation of said provisions of the Constitution of the United States and of each thereof, hereinabove quoted and referred to and in violation of the rights of petitioner thereunder.

10. That thereafter and within the time and in all respects in the manner prescribed by law therefor your petitioner filed in and with the Supreme Court of California its petition for a Writ of Review requiring the Honorable Railroad Commission of the State of California to certify to the Supreme Court of the State of California a full and complete record of all and singular the orders and evidence taken and considered by the Commission and proceedings leading up to the making by said Commission of their said order and decision of December 31, 1914, and their further order and decision denying application for rehearing dated March 18, 1915, together with the orders of said commission in said case No. 450 and all other papers and orders in any manner connected with said case insofar as they affected petitioner or its rights or any of its properties, and also for an order suspending the operation of the orders of the Honorable Railroad Commission and praying that upon the hearing
 895 in the Supreme Court of the State of California said said Honorable Court should enter its judgment setting aside and an-

nulling said orders of the Honorable Railroad Commission rendered on December 31, 1914, and on March 18, 1915, respectively. That pursuant to said petition a Writ of Review was issued by the Honorable Supreme Court of the State of California directed to the Honorable Railroad Commission of the State of California and the respective members thereof requiring them to certify and return to said court the full and complete record of all orders made and all evidence taken and considered by the Railroad Commission and all papers used in or in any manner connected with said case No. 450 insofar as the same affected petitioner or any of its rights or any of its properties. That pursuant to said Writ of Review the Honorable Railroad Commission certified and returned to the Honorable Supreme Court of the State of California all and singular the orders, evidence, documents and papers in connection with said case as by said Writ of Review required.

That said case was duly set down for hearing before the Honorable Supreme Court of the State of California, the same being Proceeding No. L. A. 4230 in the said court and entitled as hereinabove set forth, and that the same was argued by briefs by the respective parties. That in and by said application for Writ of Review and in and by its briefs filed therein, your Petitioner urged, among other things, that each of said orders of the Honorable Railroad Commission, if permitted to stand, would result in the taking and damaging of the private property of your petitioner for public use, without compensation, and will deprive your petitioner of its private property without due process of law, and will deny to your petitioner the equal protection of the laws, all in violation of the provisions of

Section 1 of the 14th Amendment of the Constitution of the United States and of the rights of Petitioner thereunder, and further that if said orders of the Honorable Railroad Commission or either thereof are permitted to stand, the same will amount to and result in the direct and material impairment of the obligation of the said contracts of and with your Petitioner for the transportation of oil.

11. That on November 17, 1917, the Honorable Supreme Court of the State of California rendered its decision in said case No. L. A. 4230, confirming the order of the Honorable Railroad Commission insofar as it affects your Petitioner.

That thereafter and within the time prescribed by law therefor, your petitioner filed its petition for a re-hearing in said Case No. L. A. 4230, before said Supreme Court of the State of California, which said Petition for Re-hearing was by the Honorable Supreme Court of the State of California denied, on the 17th day of December, 1917, and thereafter said judgment and decision of the Supreme Court of the State of California became final.

12. That your Petitioner verily believes and therefore states that the opinion, findings, orders and decision of the Honorable Railroad Commission of the State of California, and that the opinion and decision of the Supreme Court of the State of California rendered in said case No. L. A. 4230, as aforesaid, and the order denying petition for rehearing thereof on the 17th day of December, 1917, as

aforesaid, and each thereof, violates the rights of your Petitioner under the Constitution of the United States, as aforesaid, and if permitted to stand, will take the private property of your Petitioner for public use, without compensation, and do deprive and will
897 deprive your Petitioner of its property without due process of law, and do deny and will deny to your Petitioner the equal protection of the laws, all in violation of the provisions of Section 1 of the 14th amendment of the Constitution of the United States, and further do violate and will directly and materially impair the obligations and each of the obligations of the contracts hereinabove referred to, of and with your Petitioner, for the transportation of oil, through its pipe line system, and that said orders and decisions of said Commission and said Court, and each thereof, denied to your petitioner the title, right, privilege and immunity held by your Petitioner under the Constitution of the United States.

That your Petitioner has no plain, speedy, or adequate remedy at law or any other or further remedy under the constitution or laws, or in any court, of the State of California, or otherwise, than by appeal to the Supreme Court of the United States by Writ of Error as herein sought.

13. That your Petitioner verily believes and therefore alleges that neither your Petitioner nor its pipe lines nor any thereof nor its pipe line facilities nor any thereof, nor any of its property is or are lawfully subject to the provisions of Chapter 327 of the Statutes of 1913 of the State of California or to the provisions of the Public Utilities Act, or to the provisions of Section 23 of Article XII of the Constitution of the State of California, or to the supervision or jurisdiction of the Honorable Railroad Commission of the State of California.

That the full and unqualified compliance by this Petitioner with said orders of the Honorable Railroad Commission might be construed to be and might constitute a waiver of the rights of this

Petitioner to object thereto, and an acknowledgment by it of
898-99 the jurisdiction of the Honorable Railroad Commission in said proceedings and over this Petitioner and its said pipe line

systems, and would also require an immediate impairment of the obligation of its contracts hereinabove set forth. That the nature and extent of the business of Petitioner is such that the public needs no use in the same and the conduct of the same is not a matter of public consequence and that neither the public nor any part thereof will in any manner be inconvenienced by the suspension of the operation of said or any orders of the Honorable Railroad Commission affecting Petitioner pending the decision of the Supreme Court of the United States upon the Writ of Review herein petitioned for and Petitioner verily believes and therefore alleges that unless said and all orders of the Honorable Railroad Commission affecting petitioner be suspended and the execution and enforcement thereof stayed during the pendency of the appeal by Writ of Error herein petitioned for before the Supreme Court of the United States, great and irreparable damage will result to petitioner herein and the rights of Petitioner under the said provisions of the Constitution of the United States will further be violated unlawfully.

Wherefore your Petitioner prays:

1. That a Writ of Error may issue and that it may be allowed to bring up for review before the Supreme Court of the United States a full and complete record of all and singular the orders and evidence taken and considered by the said Honorable Railroad Commission, and the proceedings leading up to the making by said Honorable Railroad Commission of its said order and decision of December 31, 1914, and its said further order and decision denying

900 said application for rehearing, dated March 18th, 1915, and of all orders of said Honorable Railroad Commission in said proceeding designated as Case No. 450, and also said petition for review of said orders of said Railroad Commission filed in the Supreme Court of the State of California, and entitled and being therein Case No. L. A. 4230 and entitled as set forth in this petition, together with all other records, documents, papers and files in said case No. L. A. 4230 in any wise considered by or under the inspection of said Supreme Court of the State of California, together with a full and complete copy of said decision of the Supreme Court of the State of California rendered in said case No. L. A. 4230, on November 17th, 1916, and all orders made and entered in said court in connection therewith, and together also with said application of this petitioner filed in said court for a re-hearing of said Case No. L. A. 4230 and the order of said Supreme Court of California made and entered therein on December 17, 1917, denying said Petition for Rehearing.

2. That an order be made and entered in said case No. L. A. 4230 by the Supreme Court of California, directed to said Honorable Railroad Commission of the State of California and each and all of said members thereof suspending and staying the execution and enforcement of each and all of said orders made as aforesaid by said Honorable Railroad Commission of the State of California against this Petitioner, or in any manner affecting its rights or property or making any requirement upon it, and commanding and directing said Honorable Railroad Commission of the State of California to desist from any further proceedings under said orders or either thereof, or under said Chapter 327 of the Statutes of California of 1913, or

901 under said Public Utilities Act of the State of California or under said provision of Section 23 of Article XII of the Constitution of California, from in any manner enforcing or seeking to enforce said orders or either or any thereof against your Petitioner or taking or entertaining any case or proceeding against your Petitioner, or in any manner affecting or interfering with its rights or properties until said appeal to the Supreme Court of the United States by Writ of Error shall have been finally determined or disposed of.

3. That said transcript of said records, proceedings, papers, documents and evidence upon which said decree was rendered, duly authenticated, be ordered sent to the Supreme Court of the United States at Washington, D. C., under the rules of said court in such cases made and provided, and that the same may be by said Honorable Court inspected and corrected in accordance with law and

justice; and that your Petitioner may have such other and further relief as may be just.

[Seal Producers Transportation Company, Bakersfield, California, Incorporated June 11, 1909.]

PRODUCERS TRANSPORTATION COMPANY, *Petitioner*,
By L. P. ST. CLAIR, *Its President*,
By JOHN McPEAK, *Its Secretary*.

LEWIS W. ANDREWS.
THOS. O. TOLAND.
A. V. ANDREWS.

ANDREWS, TOLAND & ANDREWS,
916 Union Oil Building, Los Angeles, California,
Attorneys for Petitioner.

902 STATE OF CALIFORNIA,
County of Los Angeles, ss:

John McPeak, being first duly sworn deposes and says: That he is the Secretary of Producers Transportation Company, Plaintiff in error and Petitioner in the foregoing petition for Writ of Error; that he has *herad* read the foregoing petition for Writ of Error; that the same is true of his own knowledge, except as to the matters therein stated to be alleged upon information or belief and as to those matters that he believes the same to be true; and that this verification is made by him for and on behalf of said Producers Transportation Company which is a corporation and is unable to make this verification.

JOHN McPEAK.

Subscribed and sworn to before me this 13th day of February, 1918.

[Seal Ruth Higgins, Notary Public, Los Angeles Co., Cal.]

RUTH HIGGINS,
*Notary Public in and for the State of
California, County of Los Angeles.*

The foregoing petition for Writ of Error is granted.
Dated February 14th, 1918.

F. M. ANGELLOTTI,
*Chief Justice of the Supreme Court
of the State of California.*

903 [Endorsed:] Original. L. A. No. 4230. In the Supreme Court of the State of California. Producers Transportation Company, a corporation, Petitioner, Plaintiff in error, vs. The Railroad Commission, etc., et al., Respondents in error. Petition for writ of error. Copy. Filed Feb. 14, 1918. B. Grant Taylor, Clerk,

by Erb, Deputy. Andrews, Toland & Andrews, 1030 Marsh-Strong Bldg., Los Angeles, Attorney for Petitioner.

904 In the Supreme Court of the State of California.

L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner
(Plaintiff in Error),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELEN, H. D. Loveland, Edwin O. Edgerton, Alex. Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents (Defendants
in Error).

On Appeal to the Supreme Court of United State on Writ of Error.

Stipulation.

It is hereby stipulated, by and between the parties to the above entitled action, by their respective attorneys, that the first paragraph of Section 13, on page 18, of the petition for writ of error be amended and supplemented by adding thereto, at the end thereof, on line 27, page 18, of said petition, the following:

"And that in so far as these constitutional and statutory provisions by their terms apply, or purport to apply to petitioner, the same are, and each thereof is, in violation of the Constitution of the United States to the same extent as set forth in the preceding paragraph number 12 of this petition."

Dated February 14th, 1918.

ANDREWS, TOLAND & ANDREWS,
LEWIS W. ANDREWS,
THOS. O. TOLAND,
A. V. ANDREWS,
PAUL M. GREGG,

Attorneys for Plaintiff in Error.

DOUGLAS BROOKMAN,

Attorneys for Defendants in Error.

905 [Endorsed:] Original. L. A. No. 4230. In the Supreme Court of the State of California. On Appeal to the Supreme Court of United States on Writ of Error. Producers Transportation Co., Plaintiff in Error, vs. The Railroad Commission of the State of California et al., Defendant- in Error. Stipulation. Filed Oct. 1, 1918. B. Grant Taylor, Clerk, by M. C. Van Allen, Deputy. Andrews, Toland & Andrews, 916 Union Oil Bldg., Los Angeles, Attorneys for Plaintiff in Error.

906

In the Supreme Court of the United States.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff in
Error (Petitioner),

VS.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX
THELEN, W. D. Loveland, Edwin O. Edgerton, Alex. Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Defendants in Error (Re-
spondents).

In Error to the Supreme Court of the State of California.

Assignment of Errors.

Now comes Producers Transportation Company, plaintiff in error, and makes and files this, its Assignment of Errors:

I. The Honorable Railroad Commission of the State of California erred in citing plaintiff in error to appear before it in case No. 450 and also erred in requiring the plaintiff in error to present evidence before it in said case No. 450, pursuant to said order to show cause.

II. Said Honorable Railroad Commission erred in overruling the objections of plaintiff in error to its jurisdiction, particularly the objections claiming that its citation and orders upon plaintiff in error were in violation of its rights under Section 1 of the 14th amendment to the Constitution of the United States, and also in violation of its rights under Section 10 of Article I of the Constitution of the United States,—which were specifically at all times urged by plaintiff in error to and before said Railroad Commission for relief and immunity from its taking jurisdiction of and/or making any orders affecting it or its rights or property.

907

III. Said Railroad Commission erred in making on December 31, 1914, its opinion, findings, decision and/or order in said case No. 450, declaring plaintiff in error to be a common carrier and public utility, subject to the provisions of the Public Utilities Act of California in the transportation of crude oil, petroleum and the products thereof by means of pipe lines from San Joaquin Valley Oil Fields to Port Harford in San Luis Obispo County, California; and also erred in making its order on March 18, 1915, in said Case No. 450, denying the application of plaintiff in error for a rehearing of said case on said order dated December 31, 1914, and also erred in requiring plaintiff in error by each of said respective orders made December 31, 1914 and March 18, 1915, to file with said Commission its schedules of rates and charges for transportation of crude oil, petroleum or the products thereof and its rules and regulations in connection with such transportation for the reason that each and all of such orders were and are violative of the rights of plaintiff in error under each and all of the portions and provisions

of the Constitution of the United States hereinbefore specifically named.

IV. That the Supreme Court of the State of California erred in refusing to set aside and also erred in refusing to annul and also erred in affirming and allowing to stand, each or any of said orders and actions of said Railroad Commission against the title, rights and privileges of the plaintiff in error under the constitution and laws of the State of California and more particularly and especially under the provisions of the Constitution of the United States hereinabove referred to on the ground that each and all of said actions, orders and proceedings, and the judgment of the Honorable Supreme Court of the State of California, in affirming the same and allowing
908 the same to stand against the plaintiff in error, its title, rights, property and privileges are and each thereof is a violation and invasion of the title, rights and privileges of the plaintiff in error under each and all of the said provisions of the Constitution of the United States above named.

V. Said Honorable Railroad Commission erred in making and giving said orders and taking said action and erred in making and giving each or any part thereof.

VI. The Honorable Supreme Court of the State of California erred in giving said judgment and in making such an adjudication.

VII. Said Honorable Supreme Court of the State of California erred in affirming the order and orders and actions of the said Honorable Railroad Commission or any thereof in said Case No. 450 therein.

VIII. Said Honorable Railroad Commission erred in holding or ordering that plaintiff in error is:

(a) A common carrier.

(b) A public utility of the State of California, and said Honorable Supreme Court of the State of California erred in refusing to set aside and annul each of the holdings and orders last aforesaid.

IX. That said Honorable Railroad Commission erred in holding and/or ordering that plaintiff in error ever dedicated its pipe line systems or any part of its property to or for public use, and/or is in any wise affected by or subject to the provisions of the Public Utilities Act of California, or the statute known as Chapter 327 of the 1913 Statutes of California and/or in any wise affected by or subject to the jurisdiction of the Honorable Railroad Commission of the State of California, and said Honorable Supreme Court of
909 the State of California erred in refusing to set aside each and all of the holdings and orders of said Railroad Commission of the State of California in this specification referred to.

X. And said Supreme Court of California erred in refusing to grant the application and petition of said plaintiff in error made to it within the time allowed by law for a rehearing of and on its decision and judgment in the above entitled cause pending before it on review of the record of said Honorable Railroad Commission in said case No. 450 and erred in refusing by such order granting such rehearing to annul and set aside its said judgment in said proceeding theretofore given and by such refusal allowed to become final against

the title, rights, privileges and immunities of the plaintiff in error under and by virtue of said provisions of the Constitution of the United States hereinabove named.

LEWIS W. ANDREWS,

THOS. O. TOLAND,

A. V. ANDREWS,

ANDREWS, TOLAND & ANDREWS,

Attorneys for Plaintiff in Error,

916 Union Oil Building, Los Angeles, California.

910 [Endorsed:] In the Supreme Court of the United States.

In Error to the Supreme Court of the State of California. Producers Transportation Co., a Corporation, Plaintiff in Error (Petitioner), vs. The Railroad Commission of the State of California et al., Defendants in Error (Respondents). Assignment of Errors. Filed Feb. 14, 1918. B. Grant Taylor, Clerk, by Erb, Deputy. Andrews, Toland & Andrews, 916 Union Oil Building, Los Angeles, California, Attorneys for Plaintiff in Error.

911 In the Supreme Court of the United States, — Term.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff in Error (Petitioner),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, MAX THELEN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Defendants in Error (Respondents).

Writ of Error.

UNITED STATES OF AMERICA, ss:

The President of the United States to the Honorable the Judges of the Supreme Court of the State of California, Greeting:

Because in the records and proceedings, as also in the rendition of the judgment of a plea which is in the said Supreme Court of the State of California, before you, being the Highest Court of law, or equity, of the said State in which a decision could be had in said suit between Producers Transportation Company, a corporation, Petitioner, (Plaintiff in Error), vs. The Railroad Commission of the State of California, Max Thelen, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Respondents (Defendants in error) wherein was drawn in question the interpretation and application of portions of the Constitution of the United States, and the right, title, immunity and privilege of the Plaintiff in Error thereunder, and the decision was against the right, title, im-

912 munity and privilege, especially set up and claimed under said portions of the Constitution of the United States, a manifest error has happened to the great damage of the said Producers Transportation Company, as by its complaint appears; we being willing that error, if any hath been, should be duly corrected and full and speedy justice done to the parties aforesaid in this behalf, do command you, if judgment be therein given, that then under your seal, distinctly and openly, you send the record and proceedings aforesaid with all things concerning the same to the Supreme Court of the United States, together with this Writ, so that you have the same at Washington, on the — day of —, next, in the said Supreme Court, to be then and there held, that the record and proceedings aforesaid being inspected the said Supreme Court may cause further to be done therein to correct that error, what of right, and according to the laws and customs of the United States should be done.

Witness the Honorable Edward D. White, Chief Justice of the said Supreme Court, this 13th day of February, in the year of our Lord one thousand nine hundred eighteen, and of the Independence of the United States the 142nd.

[Seal of the U. S. District Court, Southern District of California.]

CHAS. N. WILLIAMS,

*Clerk of the District Court of the United States
for the Southern District of California.*

By R. S. ZIMMERMAN,

Deputy Clerk.

Allowed upon giving bond according to law in the sum of \$2500.00, this 14th day of February, 1918.

F. M. ANGELLOTTI,

*Chief Justice of the Supreme Court
of the State of California.*

913 [Endorsed:] Original. In the Supreme Court of the United States. L. A. No. 4230. Producers Transportation Company, a corporation, Plaintiff in Error, vs. The Railroad Commission of the State of California, Max Thelen, et al., as Members of and Constituting the said Railroad Commission of the State of California, Defendants in Error. Writ of Error. Filed Feb. 14, 1918. B. Grant Taylor, Clerk, by Erb, Deputy.

914

In the Supreme Court of the United States.

L. A. No. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff in Error (Petitioner),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA; MAX THELEN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank B. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Defendants in Error (Respondents.)

Admission of Service of Citation.

Due service of the Citation in the above entitled action upon the undersigned, Attorney of Record for said Defendants in Error (Respondents) is hereby admitted this 14th day of February, 1918, and receipt of a true copy thereof is hereby acknowledged.

DOUGLAS BROOKMAN,

Attorney for Defendants in Error (Respondents.)

I, Attorney of record for Defendants in Error (Respondents) in the foregoing entitled cause, hereby enter my appearance in the Supreme Court of the United States in accordance with the foregoing citation issued herein.

DOUGLAS BROOKMAN,

Attorney for Defendants in Error (Respondents.)

Dated this 14th day of February, 1918.

915

[Endorsed:] In the Supreme Court of the United States. In Error to the Supreme Court of the State of California. L. A. No. 4230. Producers Transportation Company, a corporation, Plaintiff in error, vs. The Railroad Commission of the State of California, Max Thelen et al., as Members of and Constituting said Railroad Commission of the State of California, Defendants in Error. Admission of Service of Citation. Filed February —, 1918. —, Clerk Supreme Court of Calif., by —, Deputy. Andrews, Toland & Andrews, Attorneys for Plaintiff in Error (Petitioner.)

916 In the Supreme Court of the United States

L. A. No. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff in Error (Petitioner),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA; MAX THELEN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Defendants in Error (Respondents).

Citation.

UNITED STATES OF AMERICA:

The President of the United States to the Railroad Commission of the State of California; Max Thelen, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as members of and constituting said Railroad Commission of the State of California, Greeting:

You are hereby directed and admonished to appear before the Supreme Court of the United States, at Washington, D. C. within 60 days, pursuant to a Writ of Error filed in the office of the Clerk of the Supreme Court of the State of California, wherein Producers Transportation Company, a corporation (Petitioner) is Plaintiff in Error, and you (Respondents) are Defendants in error, to show cause, if any there be, why the judgment rendered against the said Plaintiff in Error in said Writ of Error mentioned, should not be corrected, and why speedy justice should not be done for the Plaintiff in Error in that behalf.

Witness the Chief Justice of the Supreme Court of the State of California, this 14th day of February, 1918.

916½

F. M. ANGELLIOTTI,

*Chief Justice of the Supreme Court
of the State of California.*

Attest:

[Seal Supreme Court of California.]

B. GRANT TAYLOR,

Clerk of the Supreme Court of the State of California,

By I. ERB, *Deputy Clerk.*

917 [Endorsed:] Original. In the Supreme Court of the United States. L. A. No. 4230. Producers Transportation Company, a corporation (Petitioner), Plf. in Error, vs. The Railroad Commission of the State of California, Max Thelen et al., as Members of and Constituting said Railroad Commission of the State

of California (Respondents), Defs. in Error, Citation. Filed February —, 1918. ———, Clerk of Supreme Court of California, by ———, Deputy. Filed Feb. 14, 1918. B. Grant Taylor, Clerk, by Erb, Deputy.

918 In the Supreme Court of the United States.

(L. A. No. 4230.)

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff in Error (Petitioner),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA; MAX THELEN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Defendants in Error (Respondents).

In Error to the Supreme Court of the State of California.

Supersedeas Bond.

Know All Men by These Presents, that we, Producers Transportation Company, a California corporation, said plaintiff in error, as Principal, and Hartford Accident and Indemnity Company, as Surety, are held and firmly bound unto the Railroad Commission of the State of California, Max Thelen, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, said defendants in error in the above entitled cause, in the sum of \$2500.00, to be paid to said defendants in error, to which payment well and truly to be made we bind ourselves jointly and severally firmly by these presents. Sealed with our seals and dated this 14th day of February, 1918.

Whereas, the above named plaintiff in Error, seeks to prosecute its Writ of Error to the Supreme Court of the United States to review and reverse the judgment entered in the above entitled action

919 by the Supreme Court of the State of California,
Now, therefore, the condition of this obligation is such that if the above named Plaintiff in Error shall prosecute its said Writ of Error to effect and answer all costs and damages that may be adjudged, if it shall fail to make good its plea, then this obligation to be void, otherwise to remain in full force and effect.

PRODUCERS TRANSPORTATION COMPANY,

By S. W. MORSHEAD, *Its Vice President.* A Corporation,

[SEAL.]

HARTFORD ACCIDENT AND INDEMNITY COMPANY,

By JAMES W. MOYLES, *Its Attorney-in-Fact.*

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

On the 14th day of February in the year one thousand nine hundred and eighteen, before me, John McCallan, a Notary Public in and for said City and County, residing therein, duly commissioned and sworn, personally appeared James W. Moyles, known to me to be the person whose name is subscribed to the within and annexed instrument, as the Attorney in Fact of the Hartford Accident and Indemnity Company, and acknowledged to me that he subscribed the name of Hartford Accident and Indemnity Company thereto as principal, and his own name as Attorney in Fact.

In witness whereof, I have hereunto set my hand, and affixed my official seal, at my office, in said City and County of San Francisco, the day and year first above written.

[SEAL.]

JOHN MCCALLAN,

*Notary Public in and for the City and County of
San Francisco, State of California.*

My commission will expire April 12, 1921.

The within bond is hereby approved this 14th day of February, 1918; and it appearing that all necessary papers were filed and the Writ of Error was sued out and served within sixty days, exclusive of Sundays, after the judgment in said cause became final, it is ordered that said bond shall operate to stay said judgment.

F. M. ANGELLOTTI,

*Chief Justice of the Supreme Court
of the State of California.*

921 [Endorsed:] In the Supreme Court of the United States.

L. A. No. 4230. Producers Transportation Company, a corporation, Plaintiff in Error, vs. The Railroad Commission of the State of California, Max Thelen, Et al., as Members of and Constituting the said Railroad Commission of the State of California, Defendants in error. Supersedeas Bond. Filed Feb. 14, 1918. B. Grant Taylor, Clerk, by Erb, Deputy.

922

In the Supreme Court of the United States.

No. L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Plaintiff in Error (Petitioner),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA; MAX THELEN, W. D. Loveland, Edwin O. Edgerton, Alex Gordon, Frank R. Devlin, as Members of and Constituting said Railroad Commission of the State of California, Defendants in Error (Respondents).

Allowance of Writ.

Comes now the above named Producers Transportation Company, Plaintiff in Error, on this 14th day of February, 1918, and files and presents to this court its Petition praying for the allowance of a Writ of Error intended to be urged by it in said court; and praying further that the duly authenticated transcript of the record, proceedings and papers upon which the judgment herein was rendered may be sent to the Supreme Court of the United States, and that such other and further proceedings may be had in the premises as may be just and proper; and upon the consideration of said petition, this court desiring to give petitioner an opportunity to test in the Supreme Court of the United States, the questions therein presented,

It is ordered by this court that a Writ of Error be allowed as prayed for, providing, however, that said Producers Transportation Company, Plaintiff in Error, give bond according to law in the sum of \$2,500.00; and it appearing that all necessary papers were filed and the Writ of Error was sued out and served within sixty
923 days exclusive of Sundays, after the judgment of this court in said cause became final, it is ordered that said bond shall operate to stay said judgment until the final determination of an appeal by said Writ of Error.

F. M. ANGELLOTTI,
*Chief Justice of the Supreme Court
of the State of California.*

Dated February 14th, 1918.

924 [Endorsed:] No. L. A. 4230. In the Supreme Court of the United States. Producers Transportation Company, a corporation, Plaintiff in Error, vs. The Railroad Commission of the State of California, Max Thelen, et al., as members of and constituting said Railroad Commission of the State of California, Defendants in Error. Allowance of Writ. Filed Feb. 14, 1918. B. Grant Taylor, Clerk, by Erb, Deputy. Andrews, Toland & Andrews, 913 Union Oil Building, Los Angeles, Cal., Attorneys for Plaintiff in Error.

925

Original.

In the Supreme Court of the State of California.

L. A. 4230.

PRODUCERS TRANSPORTATION COMPANY, a Corporation, Petitioner
(Plaintiff in Error),

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA; MAX
THELEN, H. D. Loveland, Edwin O. Edgerton, Alex Gordon,
Frank R. Devlin, as Members of and Constituting said Railroad
Commission of the State of California, Respondents (Defendants
in Error).

On Appeal to the Supreme Court of United States on Writ of Error.

Stipulation Concerning Record on Appeal.

It is hereby stipulated, by and between the attorneys for respective parties hereto, that the following documents shall constitute the entire record on appeal of the above entitled case to the United States Supreme Court, to-wit:

1. Petition of Producers Transportation Company to the Supreme Court of the State of California for Writ of Review;

2. Order of Supreme Court, dated April 12, 1915, granting writ of review;

3. Writ of review issued April 12, 1915;

4. Return to writ of review filed April 21, 1915, and record of Railroad Commission on review, as follows:

(a) Order of the Railroad Commission made August 11, 1913, instituting Case No. 450, together with notice to Producers Transportation Company attached thereto;

(b) Supplemental order of Railroad Commission made August 19, 1913, together with notice to Independent Oil Producers Agency;

(c) Amended appearance and statement of Producers Transportation Company, verified September 19, 1914, together with
926 attached three agreements between Southern Pacific Company
and Producers Transportation Company, dated respectively
December 1, 1909, September 26, 1912, and October 8, 1913;

(d) Exhibits of Producers Transportation Company lettered "A" to "Q" inclusive, together with report of Producers Transportation Company to Railroad Commission, dated April 15, 1913, in the matter of schedule of rates; said Exhibits are more particularly described as follows:

Exhibit "A."

Original pipe line agreement between unnamed producer and St. Clair, Welsh, Morshead and McQuigg, being a blank printed form;

Exhibit "B."

Pipe line agreement between Independent Oil Producers Agency and Morshead;

Exhibit "C."

Marketing contract between the Agencies and Union Oil Company of California, being a printed booklet;

Exhibit "D."

Articles of Incorporation of Producers Transportation Company;

Exhibit "E."

By-laws of Producers Transportation Company;

Exhibit "F."

Offer from Union Oil Company and Morshead and St. Clair to Producers Transportation Company;

Exhibit "G."

Producers Transportation Company deed of trust, being a printed booklet;

Exhibit "H."

Offer of Union Oil Company to stockholders of Union Oil Company, United Petroleum Company and Union Provident Company to sell stock and bonds of Producers Transportation Company, being a printed circular letter;

Exhibit "I."

Blue print map showing pipe lines of Producers Transportation Company;

Exhibit "J."

927 Franchise in favor of Producers Transportation Company for construction and operation of pipe lines in the City of San Luis Obispo;

Exhibit "K."

Franchise in favor of Producers Transportation Company for construction and operation of pipe lines in the County of San Luis Obispo;

Exhibit "L."

Petition addressed to Board of Supervisors of San Luis Obispo County for franchises along county roads;

Exhibit "M."

Petition addressed to Board of Trustees of City of San Luis Obispo for franchises along streets in City of San Luis Obispo;

Exhibit "N."

Pipe line contract between unnamed oil producer and Producers Transportation Company, being a blank printed form;

Exhibit "O."

California oil statistics for July, 1913;

Exhibit "P."

Statistical review for first half of year 1913 prepared by Independent Oil Producers Agency;

Exhibit "Q."

Statement showing movement of light oil through pipe lines and effect on gravity.

(e) Consumers' Exhibits Nos. 1 and 2, more particularly described as follows:

Consumers' Exhibit No. 1.

Copy of Complaint, findings of fact and conclusions of law and judgment, in action in Superior Court of San Luis Obispo County, entitled "Producers Transportation Company v. Gaspar O. Marre, et al."

Consumers' Exhibit No. 2.

Annual report of Producers Transportation Company to stockholders, dated February 21, 1913, being a printed circular letter;

(f) Return and answer of Independent Oil Producers Agency filed September 16, 1913, together with Exhibits Nos. 1 to 25 inclusive, bound with return and answer, in book form.

928

(g) Extracts from transcript of testimony as follows:
Pages 30-66 inclusive, testimony of L. P. St. Clair on behalf of Independent Oil Producers Agency;

Pages 145-382, inclusive, witnesses for Producers Transportation Company;

Pages 382-411, inclusive, witnesses for Union Oil Company of California;

5. Opinion and order of the Railroad Commission dated December 31, 1914;

6. Petition of Producers Transportation Company for re-hearing before Railroad Commission, filed January 22, 1915;

7. Order of Railroad Commission dated March 18, 1915, denying application for rehearing;

8. Decision of Supreme Court rendered November 17, 1917;

9. Application and petition of Producers Transportation Company for rehearing before Supreme Court; being a printed petition, filed December —, 1917;

10. Order of Supreme Court denying petition of Producers Transportation Company for rehearing, dated December 17, 1917;

11. Remittitur, omitting copy of decision attached thereto.

12. Petition for writ of error and stipulation amending same, and all other papers on application for Writ of Error, to the United States Supreme Court.

It is further stipulated, by and between the parties hereto, that Exhibits "O" and "P," being Statistical review for first half of year 1913 and California oil statistics for July, 1913, may, with the permission of the court on ex parte application therefor by the plaintiff in error, be withdrawn from said record at any time after the same has been incorporated in the printed record, and that this provision shall also apply to any other exhibits filed by Producers Transportation Company, and also to the return and answer filed by the Independent Oil Producers Agency.

929 It is further stipulated that the record comprising the documents above enumerated when made up by the Clerk of the Supreme Court of California shall be forwarded to the Clerk of the Supreme Court of the United States at Washington, D. C., for filing and printing.

Dated August 8, 1918.

ANDREWS, TOLAND & ANDREWS,
LEWIS W. ANDREWS,
THOS. O. TOLAND,
A. V. ANDREWS, AND
PAUL M. GREGG,
H.,

Attorneys for Plaintiff in Error.
DOUGLAS BROOKMAN,
Attorney for Defendants in Error.

930 [Endorsed:] Original. L. A. No. 4230. In the Supreme Court of the State of California. On appeal to the Supreme Court of United States on Writ of Error. Producers Transportation Co., Plaintiff in Error, vs. The Railroad Commission of the State of California et al., Defendant in Error. File. Stipulation concerning Record on Appeal. Filed Oct. 1, 1918. B. Grant Taylor,

Clerk, by ———, Deputy. Andrews, Toland & Andrews, 916 Union Oil Bldg., Los Angeles, Attorneys for plaintiff in error.

931 In the Supreme Court of the State of California.

Bank.

Los Angeles No. 4230.

PRODUCERS TRANSPORTATION COMPANY (a Corp.), Petitioner,

vs.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, etc.,
Respondents.

On Review from the Railroad Commission of the State of California.

The above entitled matter having been heretofore fully argued, and submitted and taken under advisement, and all and singular the law and premises having been fully considered,

It is Ordered, Adjudged and Decreed by the Court that the Writ of Review in the above entitled matter, in so far as it effects petitioner be and the same is hereby affirmed.

I, B. Grant Taylor, Clerk of the Supreme Court of the State of California, do hereby certify that the foregoing is a true copy of an original judgment entered in the above entitled cause on the 17th day of November, 1917, and now remaining of record in my office.

Witness my hand and the seal of the Court, affixed at my office, this 18th day of December, A. D. 1917.

[Seal Supreme Court of California.]

B. GRANT TAYLOR, *Clerk*,
By I. ERB, *Deputy*.

932 [Endorsed:] 693-18. 26779. L. A. No. 4230. In the Supreme Court State of California. Remittitur. Producers Transportation Co. vs. The Railroad Commission, etc.

Endorsed on cover: File No. 26,781. California Supreme Court. Term No. 695. Producers Transportation Company, plaintiff in error, vs. The Railroad Commission of the State of California et al. Filed October 8th, 1918. File No. 26,781.

October Term, 1918.

Office Sup
F

OCT

JAMES

IN THE
Supreme Court of the United States

PRODUCERS TRANSPORTATION COM-
PANY,

Plaintiff in Error,

VS.

RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA *et al.*,

Defendants in Error.

Docket No. 26781.

No. 6

MOTION TO ADVANCE CAUSE.

LEWIS W. ANDREWS,

THOS. O. TOLAND,

A. V. ANDREWS,

PAUL M. GREGG,

Attorneys for Plaintiff in Error.

DOUGLAS BROOKMAN,

Attorney for Defendants in Error.



October Term, 1918.

IN THE

Supreme Court of the United States

PRODUCERS TRANSPORTATION COM-
PANY,

Plaintiff in Error,

VS.

RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA *et al.*,

Defendants in Error.

Docket No. 26781.
No. 695.

MOTION TO ADVANCE CAUSE.

Both parties herein join in moving this Honorable Court to advance this cause for hearing as near the beginning of the October Term of 1919 as may be convenient. In support of this motion we shall set forth briefly the issues in this case, the general public interest therein and the importance of an early decision.

FACTS AND ISSUES.

Producers Transportation Company owns and operates a system of pipe lines used for the transportation of certain petroleum oil from the San Joaquin Valley oil fields in Kern and Fresno counties, California, to Port Harford, about 70 miles distant,

on the shores of the Pacific Ocean, in San Luis Obispo County, California.

On August 11, 1913, the Railroad Commission of the State of California instituted a proceeding on its own motion to determine what, if any, oil pipe line companies were common carriers and public utilities subject to regulation by the Railroad Commission. In that proceeding an order was issued directing Producers Transportation Company, among others, to appear and show cause why it should not file with the Railroad Commission schedules of rates, rules and regulations applicable to the transportation by it of crude oil, petroleum or the products thereof. After hearing, the Railroad Commission made its order (Trans., 580-601), finding that Producers Transportation Company is a common carrier and public utility subject to the jurisdiction of the Railroad Commission, and directing said company to file schedules of its "rates and charges for the transportation of crude oil, petroleum or the products thereof by means of pipe lines from the San Joaquin Valley oil fields in the State of California, and its rules and regulations in connection with such transportation."

Thereafter, Producers Transportation Company obtained from the Supreme Court of the State of California a writ of *certiorari* to review the order of the Railroad Commission. The California Supreme Court, on November 17, 1917, rendered its decision therein, affirming the order of the Railroad Commission. (*Producers Transportation Co. v. Railroad Commission of the State of California et al.*, 176 Cal.

499.) (Trans., 621.) Producers Transportation Company thereupon sued out the present writ of error to the Supreme Court of the United States.

QUESTION.

The decision of the Supreme Court of California and the order of the Railroad Commission therein affirmed are based upon certain constitutional and statutory provisions, declaring persons and corporations operating oil pipe lines in the manner therein defined to be common carriers subject to regulation by the Railroad Commission, as follows:

The Constitution of California, Article XII, Section 23, adopted October 10, 1911, provides in part that "every private corporation * * * operating * * * any pipe line, * * * within this state, for the transportation or conveyance of * * * crude oil * * * either directly or indirectly, to or for the public, and every common carrier is hereby declared to be a public utility subject to such control and regulation by the railroad commission as may be provided by the legislature."

The California Legislature in 1913 (Chapter 327, Stats. 1913, p. 657) declared that "every private corporation and every individual or association of individuals; * * * owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum, or the products thereof, directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid or received, directly or indirectly, for such transportation, and

which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway, and in favor of whom the right of eminent domain exists * * * is hereby declared to be a common carrier and subject to the provisions of the Act known as the 'Public Utilities Act' approved December 23, 1911."

Producers Transportation Company contends that the circumstances under which it was organized and under which it constructed its pipe line, and its practices in the operation thereof, and the contract under which oil has been transported therethrough, are such as to preclude the application to it or to its business of the constitutional and statutory provisions above quoted, and that if and in so far as said provisions or any of them are or purport to be applicable to said company or its operations, the same are violative of the provisions of the Constitution of the United States, in that they will operate to take the private property of the company for public use without compensation, and will deprive the company of its property without due process of law, and will deny to it the equal protection of the laws, and will impair the obligation of contracts.

In support of this claim the company calls attention to the facts that: It was incorporated in 1909 for the purpose of handling the oil of Independent Oil Producers Agency; that its pipe line system was constructed and has at all times been operated pursuant to specific contract with a selected party; that such contract was made and said pipe line constructed, and for a considerable time operated pur-

suant thereto, all prior to the adoption of said provision of the constitution, and prior to the enactment of said statutes of California; that by said contract the agency is obligated to deliver for transport, and Producers Transportation Company is obligated to receive and transport—at specific rates—throughout a period of ten years, all fuel oil of the agency; that this service requires the entire capacity of the pipe line system most of the time, and that the company has confined its operations to the transportation of oil for the agency pursuant to said contract.

Said agency is a non-profit, co-operative corporation, each member of which owns but one share of its stock, and as a condition of membership therein was required to enter into a ten-year contract whereby he obligated himself to deliver to, and to vest title of all petroleum produced by him from specific lands in the agency; also that such agency was required, and each such member was required, as a consideration and inducement for the construction of such pipe line and as a security for the furnishing of an adequate supply of oil for transportation there-through to justify such construction, to enter into a ten-year contract with said Producers Transportation Company, and that each of said contracts entered into, as aforesaid, by each of said members runs with and binds said specific lands of such member for the full performance of the provisions thereof.

Producers Transportation Company contends that said circumstances and its practices render its business and property entirely private in character; that there never was any dedication of its facilities to pub-

lic use; that, in the absence of voluntary devotion of property to public use, the State has no constitutional power to convert a private business or property into public use otherwise than by full compensation after proceedings of condemnation in eminent domain; and that the company cannot be subjected to public regulation by the Railroad Commission.

The Railroad Commission contends that the business of Producers Transportation Company is not private in nature; that the company in fact has already dedicated its property to public use, but that in any event, under the decisions of this Honorable Court in *Munn v. Illinois*, 94 U. S. 113; *German Alliance Insurance Co. v. Lewis*, 233 U. S. 389, the State has the right to declare a business to be of public interest and concern and to subject that business to regulation even though the business had theretofore been conducted merely as a private enterprise free from regulation.

The question, therefore, is whether the State of California, without violating the Constitution of the United States, can subject to regulation, as a public utility and common carrier by the State Railroad Commission, Producers Transportation Company, a corporation organized and whose pipe line facilities were constructed for use and actually used only for a selected private party under contract therefor, all as stated, prior to the adoption and enactment of the constitutional and statutory authority under which they are sought to be controlled, and which have at all times been exclusively so used.

GENERAL PUBLIC INTEREST IN THE CASE.

There are many companies in California engaged in the business of transporting oil by means of pipe lines. In fact, the increasing importance of this business in California is of general knowledge. The extent to which the State of California may declare, or has, without violating the Constitution of the United States, declared these companies to be public utilities and has subjected them to regulation by the Railroad Commission is at present uncertain. Confusion necessarily follows in determining whether these companies must file their rates with the Railroad Commission; obtain the consent of the Railroad Commission to the issue of securities, and comply with the orders of the Railroad Commission in all other respects in which other classes of public utilities are required to do under the provisions of the Public Utilities Act. The present proceeding is the *test case* to determine this question and the decision of this Honorable Court defining the power of the State to subject such companies to regulation and particularly the power of the State to subject to regulation corporations whose pipe line facilities were constructed for use and actually only used respectively for transportation of their own oil only or for the transportation of oil of selected private parties under contracts therefor entered into prior to the adoption or enactment of the constitutional and statutory authority under which they are sought to be controlled, and which pipe lines have at all times been exclusively

so used, is eagerly awaited by the Railroad Commission and all of the pipe line companies operating throughout the State. By reason of the importance and very general interest in this question, we respectfully join in asking that this case be advanced for hearing.

Respectfully submitted,

LEWIS W. ANDREWS,

THOS. O. TOLAND,

A. V. ANDREWS,

PAUL M. GREGG,

Attorneys for Plaintiff in Error.

DOUGLAS BROOKMAN,

Attorney for Defendants in Error.

FILED
NOV 30 1918
JAMES D. BAKER
Clerk

No. 219

SUPREME COURT

OF THE
UNITED STATES

OCTOBER TERM, 1918.

Producers Transportation Company,
Plaintiff in Error.

vs.

The Railroad Commission of the State
of California et al.,
Defendants in Error.

BRIEF OF PLAINTIFF IN ERROR.

LEWIS W. ANDREWS,
THOMAS O. TOLAND,
A. V. ANDREWS,
PAUL M. GREGG,
Attorneys for Plaintiff in Error.

SUBJECT INDEX.

	PAGE
Argument	28
Alleged Plenary Power of State to Declare What Are Public Utilities.....	31
Cases Relied on by Defendants in Error.....	43
Conclusion of Supreme Court of California in Associated Pipe Line Co. v. Railroad Com- mission, 176 Cal. 518.....	46
Conclusion	69
Due Process of Law.....	37
Eminent Domain	60
Impairment of Obligation of Contracts.....	40
Laws Affecting Validity, Construction, Discharge and Enforcement of Contracts.....	42
Producers Transportation Co. Lines Never Con- veyed Oil to or for Public, and Public Has Never Had Any Interest Therein.....	48
Second Proposition	48
The Taking	35
Vested Rights Cannot Be Impaired.....	39
Errors Relied Upon.....	23
General Public Interest in This Case.....	11
Manner in Which Questions Are Raised and Un- disputed Facts Upon Which They Are Based....	12
Questions for Decision.....	8
Statement of the Case.....	3

CASES REFERRED TO.

	PAGE
Am. & Eng. Enc. of Law, 2nd Edition, Vol. 6, page 955	39
Associated Pipeline Co. v. R. R. Com., 176 Cal. 518	31, 46
Board of Commissioners v. Lucas, 93 U. S. 108, 114	38
Budd v. New York, 143 U. S. 517.....	34
C. B. & Q. Ry. Co. v. Drainage Commissioners, 200 U. S. 593.....	37
Calder v. Bull, 34d Dalton (U. S.) 386.....	39, 40
Cherokee Nation v. So. Kansas R. Co., 135 U. S. 641, 659	38
Chicago etc. R. Co. v. Ill., 200 U. S. 561, 593.....	38
Cleveland Electric R. Co. v. Cleveland, 204 U. S. 116, 142	33, 38
Dartmouth College v. Woodward, 4 Wheat. 518, 581	37
Del Mar Water etc. Co. v. Eshelman, 167 Cal. 666..	34
Delmas v. Insurance Co., 14 Wall. 661.....	43
Eastman v. Clackamas County, 32 Fed. Rep. 24....	39
Edwards v. Kearzey, 96 U. S. 595, 600.....	40, 41, 42
Escondido Mutual Water Co. v. Escondido, 169 Cal. 778	62
<i>Ex parte</i> Dickey, 144 Cal. 234.....	34, 44
<i>Ex parte</i> Quarg, 149 Cal. 79.....	34, 44
Fallsburgh Power Co. v. Alexander, 101 Va. 98....	56
Farrington v. Tenn., 95 U. S. 679, 683.....	42
Foster v. Scott, 136 N. Y. 577.....	36
German Alliance Ins. Co. v. Lewis, 233 U. S. 389..	44
Green v. Biddle, 8 Wheat. 1.....	42
Holden v. Hardy, 169 U. S. 366, 390.....	38
Kremmler, <i>In re</i> , 136 U. S. 436, 448.....	37

PAGE

Marin Water & Power Co. v. Town of Sausalito, 168 Cal. 587.....	68
Maxwell v. Dow, 176 U. S. 581, 595.....	37
McCracken v. Hayward, 2 How. 608, 612.....	41, 42
Monongahela Nav. Co. v. United States, 148 U. S. 312	32, 34, 38
Moore v. State, 43 N. J. L. 243.....	39
Munn v. Illinois, 94 U. S. 113, 126.....	34, 55, 63
Niles v. City of Los Angeles, 125 Cal. 577.....	63
Ogden v. Saunders, 12 Wheat. 213, 316.....	41
Orient Ins. Co. v. Daggs, 172 U. S. 557, 563.....	38
Pacific Telephone Co. v. Eshleman, 166 Cal. 640....	34
People v. Reed, 81 Cal. 78.....	63
Prairie Oil and Gas Co. v. United States, 204 Fed. Rep. 809	62
Producers Trans. Co. v. Railroad Com., 176 Cal. 499	6, 30
Pumpelly v. G. B. & M. Canal Co., 13 Wall. 166...	36
Reagen v. Farmers Loan etc. Co., 154 U. S. 362, 399	39
Reagan v. Mercantile Trust Co., 154 U. S. 413....	39
Scranton v. Wheeler, 179 U. S. 141, 153.....	38
Thayer v. Cal. Development Co., 164 Cal. 126, 127..	56
United States v. Ohio Oil Co., 234 U. S. (58 L. Ed.) p. 548.....	44
Van Hoffman v. Quincy, 4 Wall. 535, 552.....	42
Van Horne v. Dorrance, 2 Wall. 304, 315.....	38
Walker v. Sauvinet, 92 U. S. 90.....	37
Walker v. Whitehead, 16 Wall. 314.....	42
Weems Steamboat Co. v. People's Co., 214 U. S. 345, 355	34, 36, 57, 63
White v. Hart, 13 Wall. 646, 653.....	42
Woodruff v. Trapnall, 10 How. 190.....	42

No. 659.

SUPREME COURT

**OF THE
UNITED STATES.**

OCTOBER TERM, 1918.

Producers Transportation Company,
Plaintiff in Error.

vs.

**The Railroad Commission of the State
of California et al.,**
Defendants in Error.

BRIEF OF PLAINTIFF IN ERROR.

STATEMENT OF THE CASE.

This is a proceeding to reverse the judgment and final order of the Supreme Court of California, affirming the order of the Railroad Commission of that state, determining that Producers Transportation Company is a common carrier and a public utility and subject to the regulation and rate-making authority of said Railroad Commission.

Producers Transportation Company is a California corporation organized in 1909 for the purpose of constructing and operating oil pipe lines. It owns and operates a system of oil pipe lines for the transportation of petroleum oil from San Joaquin Valley oil fields in Kern and Fresno counties, California, to Port Harford, a village of some fifty inhabitants, on the shore of the Pacific Ocean in San Luis Obispo county, California. Said pipe line system was constructed as a single pipe line in 1909 and commenced the actual transportation of oil in January or February, 1910. (Subsequently, and prior to October, 1911, to meet the additional requirements of its only transporter, an additional eight-inch pipe line was constructed from Junction Station in Kern county to Port Harford in San Luis Obispo county.)

In October, 1911, the Constitution of California was amended and then, for the first time, provided as follows:

"Article XII, section 23. * * * Every private corporation * * * operating any * * * pipe line * * * within this state for the transportation or conveyance of * * * crude oil * * * either *directly or indirectly* to or for the public, and every common carrier, is hereby declared to be a public utility subject to such control and regulation by the Railroad Commission as may be provided by the Legislature."

The California Legislature in 1913, by an act which took effect on August 10, 1913, then for the first time enacted that

"* * * Every private corporation and every individual or association of individuals: * * * owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment within the state of California, for the transportation of crude oil, or petroleum, or the products thereof, *directly or indirectly*, to or for the public, for hire, compensation or consideration of any kind, paid * * * or received, directly or indirectly for such transportation, * * * and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway and in favor of whom the right of eminent domain exists * * * is hereby declared to be a common carrier, and subject to the provisions of the act known as the 'Public Utilities Act' approved December 23, 1911."

(Statutes of 1913, chap. 327, p. 657.)

On August 11, 1913, Railroad Commission of California, on its own motion, began a proceeding to which Producers Transportation Company and practically all of the other pipe line companies of the state of California were made parties defendant, for the purpose of determining what pipe line companies operating in the state of California were common carriers and public utilities.

Such hearings and proceedings were had that a final order was assumed to be made by said Railroad Commission in said proceeding, finding and declaring that Producers Transportation Company is a common carrier and public utility and is subject to the jurisdiction and regulation of the Railroad Commission under said constitutional provision and legislative enactment and under the Public Utilities Act of the state of California of December 23, 1911.

From this order, finding and decision of Railroad Commission, Producers Transportation Company proceeded under writ of review in the Supreme Court of California, and said Supreme Court, upon consideration of the proceedings before said Railroad Commission, affirmed the order of the Railroad Commission and affirmed in part said findings and decision. [*Producers Transportation Co. v. The Railroad Commission of the State of California*, 176 Cal. 499; Tr. p. 621.]

Under the undisputed facts and under the findings of fact of the Railroad Commission, the oil pipe lines and system of Producers Transportation Company have at all times been devoted exclusively to the transportation of oil for one single selected private party—Independent Oil Producers Agency—under a specific written private contract extending for a period of ten years to February, 1920, upon specified terms

as to compensation and contract requirements as to the handling of oil as therein set forth—and that no oil has ever been transported or offered to be transported to or for any other persons or corporations. And in the fulfillment of that contract it was necessary to increase the pipe line capacity by duplicating some 70 miles of said line, and to utilize the entire capacity of said pipe lines during the larger portion of the time, and the major portion of said capacity at all times—and the sole use of said pipe lines has been for Independent Oil Producers Agency under said term contract. Said pipe line was financed and constructed in the year 1909, pursuant to said contract and upon the faith thereof; oil was first handled therethrough in January or February, 1910, and said contract has at all times been faithfully performed in all particulars prior to and after the adoption of said amendment to the Constitution of California in October, 1911, and prior to and after legislative enactment of the state of California of August, 1913; that said circumstances and the practices of plaintiff in error render its business and property entirely private in character; that there never was any dedication of its facilities to public use.

Questions for Decision.

These two fundamental questions are presented for consideration as the real contention of the parties in this case:

First: Plaintiff in error contends that, in the absence of voluntary devotion of private property to public use, the state of California has no constitutional power to convert private business or private property to public use otherwise than upon payment of just compensation, after proceedings of condemnation in eminent domain; that if and in so far as the amendment to the Constitution of California of October, 1911 and/or the statutes of said state of August, 1913, authorize or empower the Railroad Commission to require the taking, without compensation, of private pipe lines for public service and render the same subject to regulation and fixing of rates by the State Railroad Commission, such amendment to the Constitution and such statute are in violation of the provisions of the Constitution of the United States, and that if and in so far as said amendment to the Constitution of the state of California and said statute of said state authorize the taking of the pipe lines of plaintiff in error and devoting the same to public use and rendering the same subject to regulation and fixing of rates by the Railroad Commission, such

amendment to the Constitution and such statute are violative of the rights guaranteed to plaintiff in error by the Constitution of the United States.

The defendants in error, on the contrary, contend that the state of California has the right to declare any business to be of such public interest and concern as to require the same to be subjected to regulation as a public utility by the Railroad Commission, even though such business has at all times theretofore been conducted solely as a private enterprise, and even although there has been no actual devotion of the property involved therein to public use,— (in short, that the state of California can prescribe the taking of private property for public purposes without compensation.)

Second: Defendants in error contend that the organization and practices of the Independent Oil Producers Agency have been such, and the relation of Producers Transportation Company to said agency and its members, and the steps taken by plaintiff in error, have been such as to amount to the transportation of oil, directly or indirectly, to or for the public, and to subject the plaintiff in error to regulation as a public utility and a common carrier.

Plaintiff in error, on the other hand, contends that the circumstances surrounding its

organization as a company and the construction and operation of its pipe lines and its practices have at all times been such as to render its business and its property entirely private in character, and that there never has been any dedication of its facilities to public use; that Independent Oil Producers Agency has at all times been conducted strictly as a private co-operative corporation; that in any event the property rights of plaintiff in error cannot be prejudiced by the conduct of the agency, and that the decision and order of the Railroad Commission and the decision and order of the Supreme Court of California affirming the same were, and each of them was, in violation of the rights of plaintiff in error under the Constitution of the United States, to-wit, a taking of its private property without compensation and without due process of law—a depriving it of the equal protection of the laws, and that said orders give such effect to said amendment to the Constitution and said statute of the state of California as impairs the obligation of a valid contract subsisting at the time of the adoption of the amendment to the Constitution and subsisting at the time of the enactment of said statute,—and still subsisting.

General Public Interest in This Case.

As stated in motion to advance cause herein, there are many companies in California engaged in the business of transporting oil by means of pipe lines. The increasing importance of this business in California is of general knowledge. The extent to which the state of California may declare,—without violating the Constitution of the United States,—these companies to be common carriers and public utilities, and subject them to regulation and fixing of rates by the Railroad Commission, is at present uncertain. Confusion necessarily follows in determining whether these companies must file rates with the Railroad Commission; obtain its consent to the issuing of securities; and comply with orders of the Railroad Commission in all other respects in which common carriers are required so to do under the provisions of the Public Utilities Act of California.

The present proceeding will serve to determine this question. The decision of this Honorable Court determining the power of the state to subject such companies to regulation,—and particularly the power of the state to subject to regulation and the fixing of rates those corporations whose pipe line facilities were constructed for use and actually only used respectively for transportation of their own oil or

for the transportation of oil of selected private parties under special written contracts therefor entered into prior to the adoption or enactment of the constitutional and statutory authority under which they are sought to be controlled, and which pipe lines have at all times been exclusively so used,—is eagerly awaited by the Railroad Commission and all of the pipe line companies operating throughout the state of California.

The Manner in Which the Foregoing Questions Are Raised and the Undisputed Facts Upon Which They Are Based.

Referring to Producers Transportation Company, the Railroad Commission in its opinion [Tr. of Rec., p. 587] in part says:

“An understanding of the operation of this company requires a short review of the history of its organization by the Independent Oil Producers Agency. In 1904 the Independent Oil Producers Agency was formed by a number of independent oil producers in the Kern fields, who united for the purpose of forming an organization which would represent a sufficiently large oil production to attract capital to construct a pipe line from the oil wells to the market, and also for the purpose of marketing their oil to the best advantage. At that time the independent producer in the Kern fields was absolutely at the mercy of the Standard Oil Company and the Associated Oil Company. These companies owned the only pipe lines transporting oil from those fields. The independent producer had to either sell his oil to these com-

panies at prices named by them, or else not sell his oil at all. The same condition existed in the Coalinga fields with the result that many of the producers being unable to procure what they considered to be a fair contract price for the transportation of their oil, were compelled to take the only other alternative and shut down their wells. These conditions prompted the formation of the Coalinga Oil Producers Agency in 1907, which was later absorbed by the Independent Oil Producers Agency."

The procuring of the construction of a pipe line which should be devoted to the exclusive use of the agency appeared to be the only relief from the situation under which producers had been compelled to sell their oil at ruinous prices or to shut down their wells. Said agency (which was a non-profit co-operative corporation) on its own initiative and that of its members, for the purpose of inducing the building of such a pipe line and providing securities as a basis of financing the same to transport their oil to tide water, conceived and carried out the plan of interesting the necessary capital by entering into contracts with trusted agency members who bound themselves individually for the full period of ten years, committing all of the oil produced from their properties to be transported through a pipe line which should be constructed pursuant to such contracts, and that they would pay for such transportation, on the terms and conditions fixed by said

contracts, the rates per barrel, during said whole period, therein stated, and securing the performance of said contracts by making them a lien upon the respective properties and the oil produced therefrom. Said contracts were, however, subject to the contracts between the respective producers and the agency itself for the delivery to and vesting of title of all oil in the agency and the absolute handling and marketing of all said oil by the agency for the full term of ten years. At the same time the agency entered into identical contracts with said trusted agency members for the transportation of all oil owned or handled by the agency during said full term of ten years, by and through such pipe line, under the same terms and conditions and at the same rates of charge as specified in the individual contracts aforesaid. Each and all of these contracts were made with the express stipulation that they should be assigned to a corporation to be organized for the purpose of constructing such pipe line and which should obligate itself to transport and handle said oil for the full term of ten years from February 1, 1910, under and in accordance with said contracts.

Pursuant to said contracts, and upon the assurance and security afforded thereby that there would be ample and continuous supply of oil for transportation throughout said period

of ten years, and upon the assurance of the revenue thereby secured from the transportation of all agency oil for said period at said rates and upon the terms fixed in said contracts, Producers Transportation Company, plaintiff in error herein, was incorporated, took over and assumed the performance of said contracts and became obligated thereby to transport all said agency oil in accordance therewith, and was enabled to and did on the faith and security of said contracts create its bonded indebtedness and market its bonds and securities and otherwise secure credit and finance itself to the aggregate extent of more than five million dollars, for and in the construction, completion and operation of its pipe line systems hereinafter referred to, to-wit:

(a) An 8-inch line about 40 miles in length from Coalinga, through Fresno and Kings counties, to Junction Station in Kern county;

(b) Two 8-inch and two 6-inch lines in Kern county for the transportation of oil from the Kern river and the Maricopa, Midway and McKittrick and the Lost Hills and the Belle Ridge fields respectively for delivery of oil to said Junction Station, said lines having an aggregate length of over 100 miles;

(c) Two 8-inch pipe lines running from said Junction Station over the mountains via Santa

Marguerita Station, a distance of 60 miles, to "Tank Farm" (containing storage containers of several million barrels capacity constructed by Union Oil Company of California for accommodation of oil handled by petitioner for said agency), the same being situate two or three miles southeasterly from the city of San Luis Obispo and some 10 miles from Port San Luis—said lines being each about 60 miles in length:

(d) Two 8-inch pipe lines, all in San Luis Obispo county, California, from said storage containers or "Tank Farm" a distance of about 10 miles to said Port San Luis, a loading station at tidewater of the Pacific Ocean. (Sometimes referred to as Port Harford.)

That commencing with the year 1910 and pursuant to said contract with the agency, Producers Transportation Company entered upon the performance of its contract for the transportation, and handling of said oil and has at all times subsequent thereto fully and faithfully performed said contract; that as shown by the record herein petitioner has at no time been either a producer or a purchaser of oil, but has confined its operations to the transportation of oil delivered to it for that purpose by the agency; that further, as shown by the record, said pipe line systems and each thereof has at all times since its construction been used exclusively for carrying oil of said agency

and has at no time transported any oil for any other person or corporation whatsoever.

That as found by the Honorable Railroad Commission in this proceeding.

"On August 1, 1913, the Independent Oil Producers Agency had 175 members. These members were producers in the Coalinga, Kern, McKittrick, Midway and Maricopa fields. The agency represents a production of 1,500,000 barrels of fuel oil per month." That,—as appears from the record,—each member of the agency was required to sign a ten-year contract by which he agrees to deliver to the agency for handling and sale, all oil petroleum produced by him on specified lands and *vesting the title of such oil in the agency*. This contract runs with and bonds the lands of the producer for the full performance of the contract requirements. [See contract form, Tr. pp. 330 *et seq.*]

That, as further appears from the record, and the Honorable Railroad Commission found as a fact herein, the agency member in becoming such "is required to comply with conditions which would never be imposed by oil pipe lines which are common carriers;" that the organization of said agency is and always has been such as to allow it to receive new members, but, within restrictions prescribed by its

organization, and having relation to its ability, from time to time, to provide for the transportation. [By-laws, Agency, Tr. p. 337.]

That Port San Luis, which is said tide water terminus of said two 8-inch pipe lines of petitioner, extending from said tank farm in San Luis Obispo county, is simply a loading station some distance from a small hamlet of less than one hundred people, and where there is no market for the sale of oil; that neither the petitioner nor the agency owns any facilities for carrying the oil from Port Harford, but the same is transported by vessels under arrangement between the agency and Union Oil Company of California.

In the fall of the year 1909 (some months after the taking over and assumption of performance of said contracts for transportation of oil as aforesaid) petitioner needed the right of way across a small tract of land in the section of ten miles, more or less, for one of its said 8-inch pipe lines of said system lying between said tank farm and said tide water terminus at Port San Luis; that being wholly unable to procure such right of way by negotiation and purchase, it commenced an action in the Superior Court of the state of California in and for the county of San Luis Obispo, entitled Producers Transportation Company v. Gaspar O. Marre *et al.*, for a decree con-

demning in its favor such right-of-way, and by its complaint therein petitioner alleged its right to exercise the power of eminent domain; that such allegation among others was denied by the answering defendants; that subsequently, the matter was compromised and adjusted by negotiations, and pursuant to a stipulation in that behalf a consent decree of court was entered granting plaintiff the relief prayed for; that subsequently the route of the pipe line in that locality was so changed that the right-of-way affected by such decree was, as a matter of fact, not used by petitioner, but a right-of-way in another location was acquired by negotiation and purchase.

That said entire transaction was concluded in the year 1909 and before the completion of said portion of said pipe line system of petitioner lying within San Luis Obispo county, California, and before petitioner had finally completed any of its several pipe line systems, and a long time prior to the construction of the second of said two 8-inch lines from Junction Station to said "tank farm" and the construction of the second said 8-inch lines from said "tank farm" to Port San Luis;

That the organization of the agency is and always has been such as to allow it, subject to certain qualifications and restrictions to receive new stockholder-members; that a neces-

sary qualification for membership is that of being a *bona fide* producer of oil; that new members otherwise qualified can be admitted to the agency only upon resolution duly adopted by majority vote of its board of directors; that each new member must assume the same contract obligations as existing members; that no producer of oil tributary to the facilities arranged for by the agency,—although qualified therefor—is entitled to membership as a matter of right; that as a necessary element of its organization as a private concern, the agency has retained the right to determine who may be received as new members and when they may be so received; and on several occasions has actually exercised its right, power and discretion of suspending the receiving of new members for considerable intervals. That the question of the capacity of the available facilities of your petitioner is and necessarily has been an element considered by the agency in determining the advisability of taking in new members; that said agency handles only the oil of its members under and pursuant to said ten-year contracts hereinabove referred to; that the agency neither sells its oil in the fields nor at tide water to any marketing concerns but has effected such arrangements that its oil is sold and delivered by it directly to the consuming public, in the free open market. All oil trans-

ported has been received from the agency in the field of production *and has been redelivered to the agency at pipe-line terminus at Port San Luis.*

The Honorable Railroad Commission finds [Tr. of Record, p. 588]:

"Each member of the agency is required to sign a ten-year contract, by which he agrees to deliver to the agency, for sale, all of the petroleum produced by him on specified lands. This contract runs with and binds the lands of the producer for the full performance of the provisions of the contract. On June 11, 1909, a contract was made between the agency and the Producers Transportation Company whereby the latter was given the exclusive right, for a period of ten years, to transport, at specified rates, all fuel oil of the agency. A similar contract was required between the Producers Transportation Company and each member of the agency. The members of the agency cannot, under the provisions of these contracts, transport fuel oil produced by them except through the lines of the Producers Transportation Company. On June 24, 1909, a contract was made between the agency and the Union Oil Company, whereby the latter was made the exclusive sales agent, for a period of ten years, of all the fuel oil of the agency. The Union Oil Company receives a commission for acting in this capacity. This contract provides for an arbitration committee consisting of four members, which committee shall 'determine all questions or matters which may arise under, respecting or in any way connected with this contract.'"

Transcript of Record, page 597, the Honorable Railroad Commission says:

"The Independent Oil Producers Agency procured the formation of Producers Transportation Company, which constructed a pipe line from these oil fields to the Pacific Coast, and in so doing unquestionably afforded to the independent producer a measure of relief from the existing monopoly. Let us consider for a moment, however, the conditions under which this company operates at present. If an independent producer desires to transport his oil over the line of the Producers Transportation Company he must fulfill several requirements. He must sign a ten-year contract to turn over to the Independent Oil Producers Agency all the oil produced by him on certain defined lands. This contract runs with and binds the land as a guarantee of his fulfillment of the provisions thereof. He must agree that during the term of this contract the Producers Transportation Company shall be the exclusive carrier of his oil. He must consent to have Union Oil Company the exclusive sales agent for his oil * * *. He must agree that Union Oil Company and the agency may each appoint two members of an arbitration committee which shall decide all questions relating to the marketing of his oil * * *. With these requirements imposed upon the independent producer the opportunity for him to escape the monopoly by joining the agency is not, in our opinion, entirely clear. *He is required to comply with conditions which would never be imposed by oil pipe lines which are common carriers.*" (Italics ours.)

This quotation omits to point out that the right and power to receive or reject new mem-

bers is vested in the directors and members of Independent Oil Producers Agency. *No person could become a member as a matter of right.* Every person becoming a member by the favorable action of the directors and members was required to enter into, first, a contract with the agency, and second, a contract with the Producers Transportation Company, substantially identical with the contracts entered into by the original members and for the unexpired portion of said ten-year term ending February 1, 1920.

Errors Relied Upon.

I.

The Honorable Railroad Commission of the state of California erred in citing plaintiff in error to appear before it in case No. 450 and also erred in requiring the plaintiff in error to present evidence before it in said case No. 450 pursuant to said order to show cause.

II.

Said Honorable Railroad Commission erred in overruling the objections of plaintiff in error to its jurisdiction, particularly the objections claiming that its citation and orders upon plaintiff in error were in violation of its rights under section 1 of the 14th amendment to the Constitution of the United States, and also in

violation of its rights under section 10 of article I of the Constitution of the United States,—which were specifically at all times urged by plaintiff in error to and before said Railroad Commission for relief and immunity from its taking jurisdiction of and/or making any orders affecting it or its rights or property.

III.

Said Railroad Commission erred in making on December 31, 1914, its opinion, findings, decision and/or order in said case No. 450, declaring plaintiff in error to be a common carrier and public utility, subject to the provisions of the Public Utilities Act of California in the transportation of crude oil, petroleum and the products thereof by means of pipe lines from San Joaquin Valley oil fields to Port Harford in San Luis Obispo county, California; and also erred in making its order on March 18, 1915, in said case No. 450, denying the application of plaintiff in error for a rehearing of said case on said order dated December 31, 1914, and also erred in requiring plaintiff in error by each of said respective orders made December 31, 1914, and March 18, 1915, to file with said Commission its schedules of rates and charges for transportation of crude oil, petroleum or the products thereof and its rules and regulations in connection with

such transportation for the reason that each and all of such orders were and are violative of the rights of plaintiff in error under each and all of the portions and provisions of the Constitution of the United States hereinbefore specifically named.

IV.

That the Supreme Court of the state of California erred in refusing to set aside and also erred in refusing to annul and also erred in affirming and allowing to stand, each or any of said orders and actions of said Railroad Commission against the title, rights and privileges of the plaintiff in error under the Constitution and laws of the state of California and more particularly and especially under the provisions of the Constitution of the United States hereinabove referred to on the ground that each and all of said actions, orders and proceedings, and the judgment of the Honorable Supreme Court of the state of California, in affirming the same and allowing the same to stand against the plaintiff in error, its title, rights, property and privileges are and each thereof is a violation and invasion of the title, rights and privileges of the plaintiff in error under each and all of the said provisions of the Constitution of the United States above named.

V.

Said Honorable Railroad Commission erred in making and giving said orders and taking said action and erred in making and giving each or any part thereof.

VI.

The Honorable Supreme Court of the state of California erred in giving said judgment and in making such an adjudication.

VII.

Said Honorable Supreme Court of the state of California erred in affirming the order and orders and actions of the said Honorable Railroad Commission or any thereof in said case No. 450 therein.

VIII.

Said Honorable Railroad Commission erred in holding or ordering that plaintiff in error is:

(a) A common carrier.

(b) A public utility of the state of California, and said Honorable Supreme Court of the state of California erred in refusing to set aside and annul each of the holdings and orders last aforesaid.

IX.

That said Honorable Railroad Commission erred in holding and/or ordering that plaintiff in error ever dedicated its pipe line systems or any part of its property to or for public use, and/or is in any wise affected by or subject to the provisions of the Public Utilities Act of California, or the statute known as chapter 327 of the 1913 statutes of California and/or in any wise affected by or subject to the jurisdiction of the Honorable Railroad Commission of the state of California, and said Honorable Supreme Court of the state of California erred in refusing to set aside each and all of the holdings and orders of said Railroad Commission of the state of California in this specification referred to.

X.

And said Supreme Court of California erred in refusing to grant the application and petition of said plaintiff in error made to it within the time allowed by law for a rehearing of and on its decision and judgment in the above entitled cause pending before it on review of the record of said Honorable Railroad Commission in said case No. 450 and erred in refusing by such order granting such rehearing to annul and set aside its said judgment in said proceeding theretofore given and by such

refusal allowed to become final against the title, rights, privileges and immunities of the plaintiff in error under and by virtue of said provisions of the Constitution of the United States hereinabove named. [Tr. pp. 663 *et seq.*]

ARGUMENT.

As already stated, Producers Transportation Company has at all times *exclusively* devoted its pipe lines to carrying the oil of the agency under the contract made before it was organized and upon the faith of which it was financed.

It stands in undisputed evidence that no producer could, *practically*, make use of the pipe lines of Producers Transportation Company unless he owned or could provide such storage, ships and markets. No small producer could furnish either, therefore a delivery of oil at Port Harford could only serve the agency, *the Standard or the Associated*.

The Honorable Railroad Commission really based its findings and conclusions,—as matter of law, upon the assumption that the legislative enactment of August 10, 1913 (statutes of 1913, chapter 327), was valid and constitutional, and that under it *any* oil pipe line, which carried oil for compensation was *ipso facto* a common carrier and public utility, and subject to regulation as to rates, *because* "*thus saith the law.*" Section 2 of that act provides:

"Every corporation organized and existing under the laws of the state of California or under the laws of any other state to transport, or to engage in the business of transporting, within the state of California, any crude oil, petroleum or the products thereof, or for the purpose of acquiring, constructing, leasing, owning, maintaining or operating, directly or indirectly, or of controlling or participating in the control of any pipe or pipe lines with pumping station or stations, or other appurtenant equipment or plant constructed and maintained, or to be constructed or maintained for the transportation of crude oil, petroleum or the products thereof, actually engaged or engaging in such operation or transportation, directly or indirectly, or shares, directly or indirectly, in the business of such operation or transportation, is hereby declared to be a common carrier and subject to the provisions of the 'Public Utilities Act' of the state of California, approved December 23, 1911."

The Honorable Railroad Commission stands now,—as it has at all times stood—upon the full right of the state thus to impress upon privately owned and operated pipe lines, transporting crude oil, the status and obligation of common carriers and public utilities.

Basing its position upon the broad language used in section 23, article XII of the Constitution of California as amended October, 1911, which provides that "every class of private corporations, individuals, or associations of indi-

viduals hereafter declared by the Legislature to be public utilities shall * * * be subject to * * * control and regulation" of the Railroad Commission,—and notwithstanding that the Supreme Court of California has held in *Producers Transportation Company v. Railroad Commission*, 176 Cal. 499, and *Associated Pipeline Company v. Railroad Commission*, 176 Cal. 518, that section 2 of the act of 1913 above quoted and the constitutional provision above referred to (as applied to such a case as this) constitute a taking of private property for public use without due process of law prohibited by the 14th amendment to the Federal Constitution,—the Railroad Commission, as we understand the fact, still in this case insists that the decision of the Supreme Court of California, to reverse which error is here prosecuted, and the decision of the Railroad Commission here in question, are each and both fully warranted and justified by the Constitutional provision and the statute referred to, and that neither said Constitutional provision nor statute is violative of the Constitution of the United States.

We therefore first take up this fundamental and underlying question.

The Alleged Plenary Power of the State to Declare What Are Public Utilities.

Has the state of California plenary power which authorizes it by Constitutional declaration or legislative enactment to impress upon a person or corporation in fact engaged in a private business, the obligations and character of a public utility, and by its mere fiat change property actually devoted solely to private use so that it becomes impressed with a public character and burden, without the exercise of the right of eminent domain and without compensation?

If this power exists, then of course the decision of the Supreme Court of California and of the Railroad Commission were each correct and should be sustained independent of all other considerations.

The Supreme Court of California correctly answered this question notwithstanding the clear and unmistakable declaration of the constitutional provision of October, 1911, that

"Every class of private corporations, individuals or associations of individuals hereafter declared by the Legislature to be public utilities shall * * * be subject to * * * control and regulation" by the Railroad Commission.

In *Associated Oil Company v. Railroad Commission*, 176 Cal. 518, at pages 528 and 529 the court says:

"Whenever a law deprives the owner of the beneficial use and free enjoyment of his property, or imposes restraints upon such use and enjoyment that materially affect its value, without legal process or compensation, it deprives him of his property within the meaning of the Constitution.

* * * It is not necessary, in order to render the statute obnoxious to the restraints of the Constitution, that it must in terms or in effect authorize the actual physical taking of the property or the thing itself, so long as it affects its free use and enjoyment, or the power of disposition at the will of the owner. (Forster v. Scott, 136 N. Y. 577, (18 L. R. A. 543, 32 N. E. 976); Monongahela Nav. Co. v. United States, 148 U. S. 312, 336, (37 L. Ed. 463, 13 Sup. Ct. Rep. 622).) Under the Public Utilities Act the Railroad Commission, as an instrumentality of the state, is authorized to supervise and regulate every public utility in the state, with power to fix tolls and charges exacted for the service performed, but it has no power to *declare what shall constitute a public utility*. But this, argues respondent, is a function of the Legislature. Not so. *The Legislature possesses no such power*. It cannot by its edict make that a public utility which in fact is not, and *take private property for public use by its fiat that the property is being devoted to a public use*. If under the broad language used in section 23, article XII, of the Constitution, that 'every class of private corporations, individuals, or associations of individuals hereafter declared by the Legislature to be public utilities shall * * * be subject to * * *

control and regulation' of the Railroad Commission, the Legislature can by its mere fiat, without notice or opportunity to be heard, and in the absence of any provision for compensating the owner thereof for damage, subject petitioner's pipe lines to the demands of the public because of the *private use* thereof *tends* to create a monopoly or *enables* the owner thereof to *secure* a monopoly, it can with equal propriety declare a grocer or dry-goods store employing more than a specified number of clerks to be a public utility; or, without such or any qualifications, declare that *all pipe lines* used in transporting oil shall be common carriers of oil. Indeed, as to corporations, this is precisely what it has attempted to do by section 2 of the act, which provides that every corporation owning a pipe line, through and by means of which it transports oil, is declared to be a common carrier and subject to the provisions of the Public Utilities Act; the only limitation thereon being, as provided in section 5, that it shall not apply where the nature and extent of the business is such that the public needs no use in the same. That such provisions constitute a taking of private property by the state for public use, without due process of law, which is prohibited by the fourteenth amendment to the Federal Constitution, must be conceded. Mr. Lewis in his work on Eminent Domain, third edition, section 11, says: 'A law which authorizes the taking of private property without compensation * * * cannot be considered as due process of law in a free government.' (Chicago etc. R. R. Co. v. Chicago, 166 U. S. 226, (41 L. Ed. 979, 17 Sup. Ct. Rep. 581).)" (*Italics ours.*)

And on page 526 the court says:

“In one of the so-called elevator cases, that of *Munn v. Illinois*, 94 U. S. 113 (24 L. Ed. 77), it is said:

“‘When, therefore, one *devotes his property* to a use in which the public have an interest, he in effect grants to the public an interest in that use, and must submit to be controlled by the public for the common good, to the extent of the interest he has thus created.’ But so long as he uses his property for private use, and in the absence of devoting it to public use, the public has no interest therein which entitles it to a voice in its control. Other cases to the same effect are: *Budd v. New York*, 143 U. S. 517 (36 L. Ed. 247, 12 Sup. Ct. Rep. 468); *Weems Steamboat Co. v. People’s Co.*, 214 U. S. 345, (16 Ann. Cas. 1222, 53 L. Ed. 1024, 29 Sup. Ct. Rep. 661); *Monongahela Nav. Co. v. United States*, 148 U. S. 336, (37 L. Ed. 463, 13 Sup. Ct. Rep. 622), and *Del Mar Water Etc. Co. v. Eshelman*, 167 Cal. 666, (140 Pac. 591, 948). Indeed, our attention is directed to no authority in this state or elsewhere holding otherwise.”

In *ex parte Dickey*, 144 Cal. 234 (see pages 238 and 239), the court said:

“And where, it may be asked, could the line be drawn, if the Legislature, under the guise of the exercise of its police power, should thus be permitted to encroach upon the rights of one class of citizens? Why should not the butcher and the baker, dealing in the necessities of life, be restricted in their right of contract, and, consequently, in their profits, to ten, five, or one per cent?

Why should not the contractor, the merchant, the professional man, be likewise subjected to such paternal laws, and why might not the Legislature fix the price and value of the services of labor? The law is clearly one of those the danger of whose enactment was foreshadowed by this court in *ex parte Jentzsch*, 112 Cal. 468, when it said: 'So, while the police power is one whose proper use makes most potently for good, in its undefined scope and inordinate exercise lurk no small danger to the republic. For the difficulty which is experienced in defining its just limits and bounds affords a temptation to the Legislature to encroach upon the rights of citizens with experimental laws, none the less dangerous because well meant.'

In *Pacific Telephone Co. v. Eshleman*, 166 Cal. 640-664, the court said:

"'Taking' of property within the meaning of the Constitution is not restricted to a mere change of physical possession, but includes a permanent or temporary deprivation of the owner of its use;" also, in the 9th Syl. the following language:

"'The subjection by the Legislature, acting directly or through its authorized mandatories, of property devoted by its owners to a public use to another public use, or to the same public use by its rivals, is an act referable to the power of eminent domain and not to the police power, and compensation must be made accordingly.'"

The Taking. "It is not necessary that property should be absolutely taken, in the narrowest sense of the word, to bring

the case within the protection of this constitutional provision; but there may be such serious interruption to the common and necessary use of property as will be equivalent to taking, within the meaning of the statute." *Pumpelly v. G. B. & M. Canal Co.*, 13 Wall. 166.

In *Foster v. Scott*, 136 N. Y. 577, the court said:

"What the Legislature cannot do directly it cannot do indirectly, as the Constitution guards as effectually against insidious approaches as an open and direct attack. Whenever a law deprives the owner of the beneficial use and free enjoyment of his property, or imposes restraints upon such use and enjoyment, that materially affect its value, without legal process or compensation, *it deprives him of his property within the meaning of the Constitution.* All that is beneficial in property arises from its use and the fruits of that use, and whatever deprives a person of them deprives him of all that is desirable or valuable in the title or possession." (Italics ours.)

In a case very similar in principle to the case at bar, *Weems Steamboat Co. v. People's Co.*, 214 U. S. 345, 355, the court said:

"A private wharf on a navigable stream is thus held to be property which cannot be destroyed or its value impaired, and it is property the exclusive use of which the owner can only be deprived in accordance with established law, and if necessary that it or any part of it be taken for the pub-

lic use, due compensation must be made. The owner of a private wharf on a navigable stream does not, on that account, only hold it by a different title from the owner of any other property which he may use himself or permit others whom he may select to use, while at the same time denying its use by anyone else."

In *C., B. & Q. Ry. Co. v. Drainage Commissioners*, 200 U. S. 593, the court said:

"The constitutional requirement of due process of law, which embraces compensation for private property taken for public use, applies in every case of the exertion of governmental power. If, in the execution of any power, no matter what it is, the government, *federal* or *state*, finds it necessary to take private property for public use, it must obey the constitutional injunction to make or secure just compensation to the owner." (Italics ours.)

Due Process of Law.

The term "due process of law" as used in the fifth and fourteenth amendments to the Constitution of the United States, undoubtedly means "by the law of the land."

Dartmouth College v. Woodward, 4 Wheaton 518, 581;

Walker v. Sauvinet, 92 U. S. 90;

In re Kemmler, 136 U. S. 436, 448;

Maxwell v. Dow, 176 U. S. 581, 595.

Under the term "due process of law" as found in the Constitutions of the several states, as well as in the federal Constitution, it is uniformly provided that private property cannot be taken for public use without just compensation.

Van Horne v. Dorrance, 2 Dall. 304, 315;

Board of Commissioners v. Lucas, 93 U. S. 108, 114;

Monongahela Nav. Co. v. United States, 148 U. S. 312, 325;

Holden v. Hardy, 169 U. S. 366, 390;

Orient Ins. Co. v. Daggs, 172 U. S. 557, 563;

Cleveland Electric R. Co. v. Cleveland, 204 U. S. 116, 142.

"The constitutional requirement of due process of law, which embraces compensation for private property taken for public use, applies in every case of the exertion of governmental power. If, in the execution of any power, no matter what it is, the government, *federal or state*, finds it necessary to take private property for public use, it must obey the constitutional injunction to make or secure just compensation to the owner." (Chicago Etc. R. Co. v. Ill., 200 U. S. 561, 593.)

Cherokee Nation v. Southern Kansas R. Co., 135 U. S. 641, 659;

Scranton v. Wheeler, 179 U. S. 141, 153.

“* * * the forms of law and the machinery of government with all their reach and power must, in their actual working, stop on the hither side of the unnecessary and uncompensated taking or destruction of any private property legally acquired and legally held.”

Reagan v. Farmers Loan Etc. Co., 154
U. S. 362, 399;

Reagan v. Mercantile Trust Company,
154 U. S. 413.

Vested Rights Cannot Be Impaired.

“An act of the Legislature which seeks to divest or impair vested rights of property is generally held to be unconstitutional and void.”

Am. & Eng. Enc. of Law, 2nd Ed.,
Vol. 6, p. 955;

Eastman v. Clackamas County, 32 Fed.
Rep. 24;

Calder v. Bull, 3rd Dalton (U. S.) 386.

Authorities are also cited from practically every state.

“Very loose notions are entertained in respect to vested right. * * * What are vested rights? In the widest sense they are rights which are complete and consummate, so that nothing remains to be done to fix the right of the citizens to enjoy them.” (Van Syckle, Judge. Dissenting Opinion.)

Moore v. State, 43 N. J. L. 243.

“When I say that a right is vested in a citizen, I means that he has the power to do certain actions or to possess certain things, according to the law of the land.”

Calder v. Bull, 3rd Dalton (U. S.) 386.

Prior to the adoption of the amendment to the Constitution of California of October, 1911, and long prior to the enactment of the statute in question in August, 1913, plaintiff in error had established a vested right in its pipe lines as private property and to operate the same as a private carrier under special contract with a selected party. This right can neither be abridged nor defeated without violation of its constitutional rights.

Impairment of Obligation of Contracts.

Article 1, section 10 of the Constitution of the United States declares that *no state shall pass any law impairing the obligations of contracts.*

The word “impair” is defined as meaning “to make worse; to diminish in quantity, value, excellence or strength; to lessen in power; to weaken; to enfeeble; to deteriorate.” (Edwards v. Kearzey, 96 U. S. 595, 600.)

“The term contract and obligation, although sometimes used loosely as convertible terms, do not properly import the same idea. The Constitution plainly presupposes that a contract and its obligation are dif-

ferent things. Were they the same thing and the terms contract and obligation convertible, the Constitution, instead of being read as it now is 'that no state shall pass any law impairing the obligation of contracts,' might with the same meaning be read that 'no state shall pass any law impairing the obligation of obligations; or the contracts of contracts'; and to give the Constitution the same meaning which either of these readings would import would be ascribing to its framers a useless and palpably absurd tautology. The illustrious framers of the Constitution could not be ignorant that there were or might be many contracts without obligations and many obligations without contracts."

Ogden v. Saunders, 12 Wheat. 213, 316.

"Obligation" is defined to be "the act of obliging or binding; that which obligates; the binding power of a vow, promise, oath or contract." (Edwards v. Kearzey, 96 U. S. 595, 600.)

"The obligation of a contract consists in its binding force on the party who makes it. This depends on the laws in existence when it is made; these are necessarily referred to in all contracts and forming a part of them as the measure of the obligation to perform them by the one party and the right acquired by the other." (McCracken v. Hayward, 2 How. 608, 612.)

Laws Affecting Validity, Construction, Discharge and Enforcement of Contracts.

Any laws affecting the obligation of contracts embrace alike those which affect its validity, construction, discharge and enforcement.

McCracken v. Hayward, 2 How. 608, 612;

Edwards v. Kearzey, 96 U. S. 595, 600.

Nothing could be more material to the obligation of a contract than the means of enforcing it.

Woodruff v. Trapnall, 10 Howard 190;

White v. Hart, 13 Wall, 646, 653;

Walker v. Whitehead, 16 Wall. 314.

Manifestly, as in this case, if a law takes away from one party the power of performing his obligation under a contract, it thereby impairs that obligation and is invalid.

It is held that the degree of impairment is immaterial so long as it is substantial, and that if the value of the contract has been diminished, then the impairment is substantial.

Green v. Biddle, 8 Wheat. 1;

McCracken v. Hayward, 2 How. 608;

Farrington v. Tenn., 95 U. S. 679, 683;

Von Hoffman, v. Quincy, 4 Wall. 535, 552;

Walker v. Whitehead, 16 Wall, 314, 318.

If a contract was valid when made, a state can no more impair its obligation by a constitutional amendment than it can by an ordinary act of legislature.

Delmas v. Insurance Co., 14 Wall. 661.

Cases Relied on by Defendants in Error.

Much has been made in discussing this general subject of the case of Munn v. Illinois, 94 U. S. 113, in which certain warehouses and elevators for grain were held to be subject to regulation as public utilities. It will be noted that the Munn case was decided by a divided court (three to two) in the Supreme Court of Illinois, and that there were two dissenting judges in the Supreme Court of the United States. Indeed a powerful dissenting opinion was rendered by Mr. Justice Field. Insofar as the Munn case is generally recognized as authority, or really decides any proposition, it is based upon the principle that in order to regulate rates, two things must concur:

1. The business must be affected with a public use;

2. The property employed in that business must be *voluntarily* devoted to a public use.

Unless both of these concur—so that it has been a voluntary dedication of the property itself to a public use—it can neither be taken nor

regulated as a public utility without appropriation and payment.

The case of German Alliance Insurance Co. v. Lewis, 233 U. S. 389, will also be relied upon by defendants in error. It is there held that the business of fire insurance is so affected with a public interest as to justify the legislative regulation of its rates. This is a departure from the principles laid down in the Munn case and was decided by a divided court, the Chief Justice, Mr. Van Devanter, and Mr. Justice Lamar dissenting, and Mr. Justice Lurton not sitting. In the dissenting opinion written by Mr. Justice Lamar, this radical departure from the doctrines of the Munn case is sharply criticised. In that opinion it is said:

"Property is devoted to a public use when and only when * * * the public has a right to demand and share in (it). * * * In a broad sense it is the right in the public to an actual use and not to an *incidental benefit*." (See page 428.)

This dissenting opinion cites *Ex parte Dickey*, 144 Cal. 234, and *Ex parte Quarg*, 149 Cal. 79, as denying the legislative power to fix prices.

In the case of *United States v. Ohio Oil Company*, 234 U. S. (58 L. Ed.) p. 548, the court holds (see page 561):

"But, as we already have intimated, those lines that we are considering are common

carriers now in everything but form. They carry everybody's oil to a market, although they compel outsiders to sell it before taking it into their pipes."

The facts in the foregoing case are the direct antithesis to the facts in the case at bar. Producers Transportation Company never purchased a barrel of oil and never owned a barrel of oil. It received all the oil which it has transported from the owner, Independent Oil Producers Agency, in San Joaquin Valley, and has redelivered that oil to such owner thereof at tide water. It has never transported nor offered to transport oil except under the one single contract made with a selected party and upon contract rates and terms. There were at least three or four other pipe lines taking oil from the same territory. Independent Oil Producers Agency—the sole party utilizing the facilities of Producers Transportation Company—did not sell its oil before transporting it, but received it again at the end of the pipe line and from thence conveyed it to its customers, the ultimate consumer. The ownership and control of this oil continues in the agency at all times. To all intents and purposes the situation of the agency comes within the reasoning applicable in the last paragraph of the above cited case, referring to Uncle Sam Oil Company, and in particular to the reference made thereto by the Honorable

Chief Justice in his concurring opinion, which says:

"It is shown beyond question that the company buys no oil and by the methods which have been mentioned simply carries its own product to its own refinery; in other words, it is engaged in a purely private business."

So, in the case at bar, Independent Oil Producers Agency buys no oil,—(it simply becomes the legal owner of the oil produced by its stockholder-members), and by the methods which have heretofore been mentioned, it causes its own product to be carried to point of ocean shipment from whence it transports the same to its customers. "In other words, it is engaged in a purely private business."

Conclusion of the Supreme Court of California in Associated Pipe Line Company v. Railroad Commission, 176 Cal. 518.

We submit that, upon reason and authority, the following conclusions found in the syllabus of the above case are sound law:

1. "The provisions of Statutes of 1913, chapter 327, declaring certain pipe lines to be public utilities and subject to the provisions of the Public Utilities Act, *apply only to those who by means of pipe lines, are engaged in the transportation of crude oil and its products to or for the public.*"

2. "A common carrier is one who *offers* to carry goods for any person between certain termini, and who is bound to carry for all who tender their goods and the price of carriage."

3. "So long as one uses his property for private use and does not devote it to public use, the public has no interest therein which entitles it to a voice in its control."

4. "Although tolls are allowed for actual service, the subjecting of property to the use of the public as common carriers constitutes a *taking of the same*."

5. "The Railroad Commission, as an instrumentality of the state, is authorized to supervise and regulate every public utility in the state and to fix tolls and charges, *but it has no power to declare what shall constitute a public utility*."

6. "The Legislature cannot by its edict make that a public utility which in fact is not, and take private property for public use by its fiat that the property is being devoted to a public use."

7. "Section 2 of the Act, Statutes of 1913, chapter 327, which in effect declares that every corporation owning a pipe line through and by means of which it transports oil, is a common carrier of oil and subject to the provisions of the Public Utilities Act, *is invalid, since such provision constitutes a taking of private property for public use without due process of law, prohibited by the Fourteenth Amendment of the Federal Constitution*." (All italics ours.)

Second Proposition.

Coming now to the SECOND PROPOSITION (upon which the Supreme Court of California, as we believe, erred in its decision) we submit:

PRODUCERS TRANSPORTATION COMPANY'S
LINES NEVER CONVEYED OIL TO OR FOR THE
PUBLIC, AND THE PUBLIC HAS NEVER HAD ANY
INTEREST THEREIN.

The circumstances surrounding the organization of Producers Transportation Company and the construction and operation of its pipe lines, and its practices from the date of the opening of such pipe lines, have at all times been such as to render its business and its property entirely private in character, and there has never been any dedication to any public use, *nor has the public ever made any use thereof*; and the decision and order of the Railroad Commission, and the decision and order of the Supreme Court of California affirming the same, were, and each of them was in violation of the rights of the plaintiff in error under the Constitution of the United States, to-wit, the taking of its private property without compensation and without due process of law; and the depriving it of the equal protection of the laws; and a giving of such effect to said amendment to the Constitution and said statute of the state of California, as impairs the obligation of a valid, subsisting

contract, subsisting at the time of the adoption of said amendment to the Constitution, and subsisting at the time of the enactment of said statute, and still in full force.

Recognizing that, under the Constitution and statutes of California (to the extent that the same are not violative of the Constitution of the United States) before a pipe line can be charged as a public utility, the owner thereof must be "engaged in the transportation of crude oil or its products *to or for the public.*" (As held in *Associated Pipe Line Company v. Railroad Commission*, *supra*), the Supreme Court thus undertakes to supply this prime requisite by holding that Producers Transportation Company, *because* of the fact that it devoted its entire pipe line exclusively to the carrying of the oil for one single private co-operation corporation known as Independent Oil Producers Agency—which agency was vested with the title to said oil and the right to control, transport and market the same—*was thereby transporting oil "for the public."* This remarkable judicial assertion is based upon the further statement that the members of Independent Oil Producers Agency, to-wit, the stockholders, were required:

A. To enter into a contract with the agency, requiring each of them to turn over and deliver his entire oil production and the property therein

to the corporate body, to be transported and marketed during a period of ten years;

B. To enter into a subsidiary contract with Producers Transportation Company, so that in any event, in case said oil should not be so delivered to and transported and marketed by the agency, still, for said period of ten years, said contract should be obligatory upon the oil, and require the same to be transported during said period of ten years solely through Producers Transportation Company's lines, and at the prices specified.

Each of these contracts was a condition to membership in the agency and each was a charge upon the land of the stockholder. [Tr. pp. 346, 347, 588.]

No person could be admitted as a stockholder-member unless by a majority vote, first, of the directors, and second, of the stockholder-members, his admission was approved. [Tr. pp. 337, 448.]

Naturally, the same authority which could admit a new stockholder-member *could reject such a member.*

As a matter of practice also, the only oil which has ever been transported over the lines of Producers Transportation Company has been that owned by the agency as a corporation, and not oil owned by any individual stockholder or member. [Tr. p. 462.]

The Honorable Railroad Commission, for the purpose of showing that the organization of Independent Oil Producers Agency did not permanently relieve the independent oil producers against the then existing alleged monopoly of the Standard Oil Company and Associated Pipe Line Company, expressly found substantially all of the foregoing facts and conditions, and concerning the same used the following language [Tr. of Record p. 597]:

“In considering the monopolistic features of the oil pipe line business in California, we desire first to refer to the history of the Producers Transportation Company. * * * The record * * * shows that, while the Producers Transportation Company prevented monopoly in the oil pipe line business when that company was first created, *it cannot be expected to indefinitely exert this beneficent influence.* The record is very specific that at the time when the Independent Oil Producers Agency was formed in 1904, the Standard Oil Company and the Associated Oil Company enjoyed an absolute monopoly of the transportation of oil from the San Joaquin Valley fields. * * * The Independent Oil Producers Agency procured the formation of the Producers Transportation Company, which constructed a pipe line from these oil fields to the Pacific Coast, and in so doing unquestionably afforded to the independent producer a measure of relief from the existing monopoly. Let us consider for a moment, however, *the conditions* under which this company operates at present. If an independent producer desires to transport his oil over the line of the Producers Transportation Company, he

must fulfill several requirements. He must sign a ten-year contract *to turn over to the Independent Oil Producers Agency all the oil produced by him upon certain defined lands. This contract runs with and binds the land as a guaranty of his fulfillment of the provisions thereof.* He must agree that, during the term of this contract, the Producers Transportation Company shall be the exclusive carrier of his oil. He must consent to have the Union Oil Company the exclusive sales agent for his oil. * * * He must agree that the Union Oil Company and the agency may each appoint two members of an arbitration committee which shall decide all questions relating to the marketing of his oil. The record further shows that this same Union Oil Company was able, during a certain period of excessive production, when it furnished to the agency certain storage facilities, *to require the agency to agree to take in no new members without the consent of the Union Oil Company.* During this period the Union Oil Company had an absolute veto power upon the selection of new members for the agency.” (Italics ours.)

(In this connection it may be noted that the storage furnished by Union Oil Company ran to several million barrels, and was furnished free of charge.)

“With these requirements imposed upon the independent producer, the opportunity for him to escape the monopoly by joining the agency is not, in our opinion, entirely clear. *He is required to comply with conditions which would never be imposed by oil pipe lines which are common carriers.* He is required to turn over to others the handling and sale of his oil.” (Italics ours.)

Remembering that the title to oil turned over to the agency by the stockholder-member vests in the agency exclusively [Tr. p. 347], and that, to become a member, the independent producer must apply for membership and receive a majority vote of all existing stockholder-members as well as of the Board of Directors—it is a startling proposition, as matter of law, when the Supreme Court of a great state asserts that, in serving Independent Oil Producers Agency by transporting its oil under a ten-year written contract at a specified price, Producers Transportation Company was thereby transporting oil "*for the public.*"

Could any member of the public, *as matter of right*, demand admission as a stockholder-member in Independent Oil Producers Agency? Witness the fact that, during a period of at least one year, by written agreement, Union Oil Company had secured a stipulation that no new members should be taken in without its consent. Witness the fact that it required a majority vote, and that the failure to receive such vote would certainly defeat the candidate. Witness the further fact that, even if an independent producer became a stockholder-member of the agency, he was required to surrender his oil and the title to the same, and the right to transport and market the same, to the corporate body, and so long as that corporate body functioned

he would have no interest except as a stockholder,—participating in average returns,—in either the transportation or marketing of the oil. The oil would in no case be transported for such new stockholder-member unless the corporate body known as the agency should cease to function.

The Supreme Court of California wholly failed to grasp this situation or the quite manifest results thereof. Basing its conclusion solely upon the fact that, because during the period *after the pipe lines of Producers Transportation Company were put in operation, the agency had never, in practice, refused membership to any particular applicant, the Supreme Court adduces and concludes that membership in the agency was equivalent to being a member of the general public and was matter of right which could not be denied, and not matter of contract hedged about with facts and conditions and even liens upon property.*

Since the stockholder-member of the agency, in practice and in fact, parted with the entire title to his oil in favor of the corporate body, and since the Producers Transportation Company has never transported any oil for any member of the agency as an individual, but has solely acted in the performance of said fundamental written contract, we submit that, under all the holdings on the subject, this practice and

this agreement precludes the idea of transporting oil "for the public."

In any event, it is unthinkable that any course of conduct or practice between the agency and its own stockholder-members, *after* the contract was made between Producers Transportation Company and the agency, would convert that contract and the dealings thereunder from one special and private in character, into a contract with the general public, and convert the agency itself, as a corporate entity, so that, instead of being a private corporation, it became, for the purposes of this contract—by its own acts and practices alone—a mere *public* organization to which every producer of oil would be entitled to membership as matter of right. Contracts would be of little avail if one party to them could thus defeat the purpose and character of the agreement and impose upon the other party public obligations not contemplated in the original agreement.

In the *Munn* case, already referred to, it is said:

"Property is devoted to a public use when and only when * * * all the public has the right to demand and share in it."

In *Thayer v. California Development Co.*, 164 Cal. 126-127, the court said:

"The essential feature of a public use is that it is not confined to privileged individuals, but is open to the indefinite public."

Referring to *Fallsburgh Power Co. v. Alexander*, 101 Va. 98, the opinion in the *Thayer* case, *supra*, says:

"This case holds that water to be acquired by a company for transmission and distribution to any place 'for its own use or for the use of other individuals or corporations' would not be devoted to public use, *because the company retained power to choose who should have it.* * * * The test is 'whether the *public* have the legal right to the use, which cannot be gainsaid, or denied, or withdrawn at the pleasure of the owner.' * * * The essential feature of a public use is that it is not confined to privileged *individuals*, but is open to the indefinite public. It is this indefiniteness or unrestricted quality that gives it its public character." (Italics ours.)

In this case the matter is absolutely definite and it is restricted to private contract, primarily with the agency itself which is understood to be the owner of the oil,—the contract with the producer being merely by way of security to protect against any possible dissolution of the corporate body.

It would be a novel thing indeed if, because of this contractual relation and custom subse-

quently practiced by one party of not denying admission to certain applicants, all contracts should in effect be abolished for the future, and the general public permitted, as of right, to come in and demand transportation of oil and the fixing of the price thereof, as though the property had been dedicated to the public.

The distinction between this sort of a case and the *Munn* case is clearly pointed out in the opinion in *Weems Steamboat Co. v. People's Co.*, *supra*. The court says:

"If the owner of one of these wharves had devoted it to the public use, and permitted the public to use it as it desired, and demanded compensation for such use, the question as to the amount of such compensation might be raised as in the *Munn* class of cases, to be determined with reference to the reasonableness of the charge, but this is no such case. * * * *The right to use the property has been withdrawn by the owner as to the public in general, including defendant.* The only question is whether a third person has the right to use a private wharf on tendering reasonable compensation therefor, because there is no other wharf at the place, or because it would be more convenient to such third person to use it, or because the former owner of the wharf had permitted the public to use it, although the present owner refused to consent to such use. There is no more reason why such property should be held subject to the rights of others to use it against the will of its owner, than

there is for any other kind of property to be so held." (*Italics ours.*)

The following facts conclusively show that membership in Independent Oil Producers Agency was not the equivalent in any sense of being merely "one of the public":

(1) None were eligible to membership except actual oil producers [By-laws of agency, Tr. p. 337];

(2) In any case the veto power upon taking in new members was lodged with the directors; it requires a majority vote to admit [Tr. p. 448];

(3) The agency campaigned for new members the first half of 1910 [Tr. 471];

(4) It suspended taking in new members from the middle of 1910 until late in 1911 [Tr. p. 447];

(5) It took in a lot of new members about September, 1912, but declined to do so unless Union Oil Company guaranteed for one year that existing members should not be harmed thereby; that is, that the taking in of new members should not for one year reduce the proportion or price received by existing members [Tr. p. 424];

(6) It contracted not to take in new members without consent of Union Oil Company for year 1913 [Tr. p. 449];

(7) It was open for new members but about a year and three months out of four years. We also direct the court's attention to article I of agency by-laws [Tr. p. 337] and to sale contract which each agency member was required to enter into. [Tr. p. 346 *et seq.*]

Couple all these with the fact that the agency was not an adjunct of the pipe line, but that the pipe line was a *contract* servant of the *agency*; the strenuous and necessary contract provisions, without assuming which the producer of oil could not become a stockholder in the agency, and the claim that the agency membership was but a segment of the "public" and that any producer "as a member of the public" could as of right become a stockholder of the agency and be entitled to have his oil transported by the pipe line company falls upon the mere statement and becomes an absurdity.

In view of this situation, which stands out from the undisputed evidence as shown by the record, we submit that there is no basis whatever for the holding that any oil producer ever had a right *as a member of the public* to become a member of the agency.

Since the agency corporation was never a mere enclosure of a certain class of the public, into which any member of the public could voluntarily and as of right enter, and out of which

he could voluntarily escape,—the decision of the Supreme Court is without basis in fact or law.

Eminent Domain.

Subdivision B of section 1 of chapter 327, Statutes of 1913, provides that every private corporation and every individual or association of individuals—

“owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof directly or indirectly *to or for the public* for hire, compensation or consideration of any kind paid or received—and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway *and* in favor of whom the right of eminent domain exists * * * is hereby declared to be a common carrier and subject to the provisions of the act known as the Public Utilities Act, approved December 23rd, 1911.” (Italics ours.)

The Supreme Court, after having held that Independent Oil Producers Agency was in effect an enclosure of a portion of the public and that by serving that corporation under a special written contract at a specified price and for a limited term Producers Transportation Company was transporting oil “for the public,”—proceeds to hold that, because Producers Transportation Company in 1909 invoked the power

of eminent domain, it thereby forever dedicated its pipe line to public use.

The facts surrounding said matter are stated by Mr. Gregg. [Tr. of Record p. 505.]

It appears:

(1) That the right to condemn was strenuously contested;

(2) That the whole matter was disposed of by a compromise settlement;

(3) That the judgment of condemnation was entered by stipulation to carry out the settlement;

(4) That the whole matter was abandoned and a new arrangement made and a right of way over other property purchased, and "the pipe line was not laid upon the right of way which was obtained in the condemnation suit";

(5) After the pipe line had been completed and in operation for a considerable period of time, in order to handle the increased amount of oil which the agency desired to have transported, Producers Transportation Company constructed an additional 8-inch pipe from Junction Station to Port Harford, a distance of approximately 70 miles. [Testimony L. P. St. Clair, Tr. p. 477,—see map and schedule of pipe lines, Tr. p. 130 and diagram facing said page.]

Inasmuch as Producers Transportation Company never held itself out *in fact* as inviting the public, or any part of the public, to use its lines; and because no member of the public ever either *tendered* oil for transportation or received or demanded any such service during the existence of said pipe lines; and because at all times it has been a known fact that the corporate body known as Independent Oil Producers Agency was the sole and only owner of oil that was equipped to use Producers' pipe lines—saving only the Standard Oil Company and Associated Oil Company—we submit that whatever may have resulted, as matter of law, from the condemnation proceeding above described, *the same was abandoned and any offer was withdrawn and never was accepted.*

That this may be done was held in *Prairie Oil & Gas Co. v. United States*, 204 Fed. Rep., at 809, where the court says (referring to cases where property has been devoted to a use in which the public has an interest):

“He may withdraw his grant by discontinuing the use; but as long as he maintains the use he must submit to the control.”

In *Escondido Mutual Water Co. v. Escondido*, 169 Cal., at page 778, the court held:

“It would be sufficient here to point out that a public use in waters *may cease and*

determine, and that this may be accomplished by consent of all parties in interest or by operation of law.”

and on page 778:

“Can it be doubted that he is entitled to apply this water to beneficial purposes * * * and that the public use” (if any there was) “with which theretofore it had been impressed has absolutely ceased?”

In *People v. Reed*, 81 Cal. 78, it is held:

“In this state it has been uniformly held that the owner may at any time before his offer of dedication is accepted by the public withdraw the same.”

See *Niles v. City of Los Angeles*, 125 Cal. 577.

See also as to right of withdrawal of grant by discontinuing use *Munn v. Illinois*, 94 U. S. 126; and as to absence of acceptance *Weems Steamboat Co. v. Peoples Steamboat Co.*, 214 U. S. 345, 355.

Since it is conceded that the only oil transported by Producers Transportation Company has been that owned and controlled by, and handled under express contract with, Independent Oil Producers Agency, and that this corporation is a fully organized big business enterprise, controlling as a corporate unit a complex system, including the ownership of oil, the right to the service of this pipe line under said term

contract at a fixed rate, and the marketing facilities under another contract by means of which it reaches the ultimate markets; and since no member of the public, as such, could make use of the pipe line to Port Harford (aside from the Standard Oil Company or Associated Oil Company) because of the lack of facilities involved,—there has never been any use which could in the smallest degree amount to a transportation of oil "*for the public*" during nearly ten years, and therefore no acceptance of any supposed offer has occurred and any such proposed use has surely been abandoned as utterly impractical, and of no public consequence.

If a formal declaration that it is not acting nor proposing to act as a public utility or common carrier be necessary, the answer of Producers Transportation Company before the Honorable Railroad Commission is such a formal declaration. If any formal withdrawal of an offer of dedication—never accepted—be necessary, the answer is such formal withdrawal. [Tr. p. 25.]

Of course, Producers Transportation Company does not fall within the terms of subdivision (b) of section 1 of the statute above quoted, since it has never actually transported oil "to or for the public."

In the foregoing portions of this brief we have undertaken to show the exact situation as

exhibited by the undisputed findings and evidence in the record. If Producers Transportation Company, at the time it was cited by the Railroad Commission in 1913, had undertaken to exercise the right of eminent domain, and such effort had been resisted (as it was in the instance in question), it seems manifest that its history and the location of its pipe line, and the fact that it never served nor offered to serve any part of the public, but confined its business strictly to transporting the oil under special contract with a single private mutual corporation only, would absolutely defeat any claim of the right to exercise the power of eminent domain in *August, 1913*,—the time when this proceeding was begun.

We have already shown that the instance referred to in the opinion of the Supreme Court was not a completed seizing of property at all. From the statement of facts in the record made by the attorney who prepared the pleadings in the condemnation case, it appears that the question of whether the company was a common carrier at all was denied and that, in part because of this denial and the issue thus raised, a settlement was negotiated under which it was not intended that any decree should be entered. It does not affirmatively appear that any possession was ever taken under the judgment of the Superior Court in that case, or any consid-

eration paid thereunder, but it *does affirmatively appear* that the pipe line which was afterwards built was not on that property and was never devoted to public use at all. It further affirmatively appears that an additional pipe line was constructed a considerable time afterwards *without regard to any condemnation proceeding*.

We submit that the mere allegation in the complaint, denied in the answer, and the proceeding as above outlined, do not constitute estoppel as against the company, *to assert the truth* when the matter came up in response to the citation of the Honorable Railroad Commission. Estoppels are not favored, and are never allowed except where substantial injury would result if the party were permitted to assert the truth. No such injury can be here claimed.

Remembering that the statute in question became effective August 10th, 1913, the language thereof, "and in favor of whom the right of eminent domain exists," evidently refers to an *existing fact* as applying to the then present time. Since the pipe line was not then and never had been actually used to transport oil to or for the public, and the company was not engaged in that service *in fact*, the right of eminent domain would no more reside in the company than it would in an individual who was not using his property for the benefit of the

public. *Potentially* either may so devote his property that the right of eminent domain may arise,—but actually in August, 1913, no such right is shown to have existed in favor of Producers Transportation Company.

The contract between Producers Transportation Company and the agency was entered into in June, 1909; the above mentioned case was commenced several months after the contract became a binding obligation; that case was finally compromised and subsequently the pipe line was laid upon a different right of way purchased as result of independent negotiations, all before any oil was accepted for transportation or actually transported through the line. Whatever may be said of the intention of plaintiff in error in December, 1909—the time when the compromise settlement was effected—the fact is that, commencing with February, 1910, all intention (if any there had been) of operating the pipe line as a public instrumentality had been abandoned and the pipe line was actually and exclusively devoted to the service of one selected individual from February, 1910, until October, 1911, before the adoption of the amendment to the Constitution which made possible the legislative enactment upon which this case is predicated. In short, the status of a privately owned and privately operated pipe line had been impressed upon the facilities of plain-

tiff in error for the better part of two years before it became a constitutional possibility for the Legislature to pass the act in question and, as a matter of fact, the pipe line was so operated as a private carrier from February, 1910, until August, 1913, before the legislative enactment became a law. The status thus created and existing determines the property right of plaintiff in error as of the time when this proceeding was initiated. Not by its declaration in 1909, before the pipe line had been laid, but by its practices and conduct for nearly four years after the completion of the line and before the beginning of the proceeding in question, are the rights of plaintiff in error and the character of its pipe line to be determined.

In any event, the second eight-inch pipe line, from Junction to Port San Luis,—which was constructed long after the original pipe line had been put in operation and has at all times been operated exclusively as a private line,—could not be affected by a declaration made by the company years before, and which never had been acted upon by any member of the public. As relating to this entire situation and explicitly to said additional eight-inch pipe line, we cite *Marin Water & Power Co. v. Town of Sausalito*, 168 Cal. 587, which is an instructive case upon the general subject here in question.

Conclusion.

In conclusion, plaintiff in error claims,

First: That each and all of the assignments of error herein should be sustained, and that the final judgment and order of the Supreme Court of California affirming the final order of the Honorable Railroad Commission and the said final order of the Railroad Commission should each and both be reversed;

Second: That under the settled law of California, as shown by an unbroken line of decisions, and under the weight of authority elsewhere in this country, there does not reside in the state of California nor in its Legislature the authority or power, by the mere fiat of the law-making body, to change a private corporation or its private business or property into a public utility or subject it as a common carrier when before and in fact it was strictly private in its nature,—without compensation and without due process of law.

Third: That the Supreme Court of California clearly erred in holding that Producers Transportation Company, by transporting oil to and for Independent Oil Producers Agency under a private special written contract for a limited term and at a specified price, was, in fact or in law, either transporting oil "to or for the public," and that thereby it had devoted its

pipe lines to public use so that it was in fact a common carrier.

Fourth: That no conduct of Independent Oil Producers Agency after the execution of the contract in question could operate to change that contract so as to convert the pipe lines and business of Producers Transportation Company from a privately owned and operated enterprise to one devoted to public use.

Fifth: That the fact of the condemnation proceeding in 1909,—in view of the surroundings and history of the pipe line in question, does not result in impressing upon the property and business of Producers Transportation Company, as the same existed in August, 1913, a public character in the face of the fact that such property was never actually devoted to any public use.

Sixth: That the taking of Producers Transportation Company's property by impressing upon it the burden of a common carrier and public utility without compensation and without legal process, is a violation of its rights secured by the Constitution of the United States.

Seventh: That the arbitrary declaration that its contract with Independent Oil Producers Agency,—unquestionably valid and binding when made,—had become and must be treated as merely a dealing with members of the public

and subject to the rate-making power of the Railroad Commission, surely impairs the obligation of a contract and thereby violates the constitutional right of plaintiff in error.

Respectfully submitted,

LEWIS W. ANDREWS,

THOMAS O. TOLAND,

A. V. ANDREWS,

PAUL M. GREGG,

Attorneys for Plaintiff in Error.

Due service of the within, and receipt of a
copy thereof, is hereby admitted this day
of November, A. D. 1919.

Attorneys for Defendants in Error.

NOV 28 1919

JAMES D. MAHER,

CLERK

OCTOBER TERM, 1918.

IN THE

Supreme Court of the United States

PRODUCERS TRANSPORTATION COM-
PANY,

Plaintiff in Error,

vs.

RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA, *et al.*,

Defendants in Error.

No. 6

219

BRIEF OF DEFENDANTS IN ERROR

DOUGLAS BROOKMAN,

Attorney for Defendants in Error.

INDEX

	Page
I.	
STATEMENT OF CASE.....	1
A. The Issue	2
B. Constitutional and Statutory Provisions.....	3
1. Constitution of California, Article XII, Sec- tion 23	3
2. Public Utilities Act of California.....	5
3. Chapter 327, Statutes 1913.....	7
C. Proceedings before the Railroad Commission	8
D. Proceedings before the Supreme Court of Cali- fornia	9
II.	
Facts	10
III.	
ARGUMENT	14
A. The Constitution and Statutes of California declare every private corporation engaged in transporting oil for compensation by means of pipe lines, directly or indirectly, to or for the public, to be a public utility subject to regulation by the Railroad Commission of California.....	14
1. Constitution of California, Article XII, Sec- tion 23	15
2. Public Utilities Act of California.....	16
3. Chapter 327, Statutes 1913.....	18
B. The record in this proceeding and the findings of the Supreme Court of California and the Rail- road Commission establish that Producers Trans- portation Company has devoted its property to public use and has undertaken the business of transporting oil for compensation as a common carrier and public utility within the provisions	

	Page
of the Constitution and Statutes of California, and these findings will not be disturbed by this Court, especially when supported by such con- vincing evidence as the exercise of the right of eminent domain by said Company.....	19
1. Summary of facts.....	19
2. Members of Agency do not transfer to Agency title to oil produced by them.....	20
3. Exercise of eminent domain.....	23
4. Findings of Supreme Court of California and the Railroad Commission.....	25
C. A State has the power to declare any business which is of public interest and concern to be a public utility and subject to regulation by the State, particularly when those conducting the business have devoted its property to public use; and the fact that the business is conducted through con- tracts does not preclude such regulation.....	27

TABLE OF AUTHORITIES

	Page
<i>Atlantic Coast Line Railroad Co. v. Goldsboro</i> , 233 U. S. 548	34
<i>Brass v. North Dakota</i> , 153 U. S. 391.....	30
<i>Budd v. New York</i> , 143 U. S. 517.....	30
<i>Burlington v. Beasley</i> , 94 U. S. 310.....	30
<i>California Constitution</i> , Article XII, Section 23.....	15
<i>California Civil Code</i> , Section 1001.....	24
<i>California Code of Civil Procedure</i> , Sections 1237, 1238..	23, 24
<i>California Public Utilities Act</i>	5, 16
<i>California Statutes</i> , 1913, Chapter 327.....	7, 18
<i>Clipper Mining Co. v. Eli Mining & Land Co.</i> , 194 U. S. 220	27
<i>German Alliance Insurance Co. v. Lewis</i> , 233 U. S. 389...	30, 33, 34
<i>Kerfoot v. Farmers & Merchants Bank</i> , 218 U. S. 281.....	26
<i>Limoneira Co. v. Railroad Commission of California</i> , 174 Cal. 232	36
<i>Munn v. Illinois</i> , 94 U. S. 113.....	28, 32
<i>Pacific Tel. & Tel. Co. v. Eshleman</i> , 166 Cal. 640.....	16
<i>Portland Railway, Light & Power Co. v. Railroad Commission of Oregon</i> , 229 U. S. 397.....	26
<i>Southern Pacific Co. v. Spring Valley Water Co.</i> , 173 Cal. 291	36
<i>Spring Valley Water Works v. Schottler</i> , 110 U. S. 347....	30
<i>State ex rel. Turnpike Co. v. American & E. News Co.</i> , 43 N. J. L. 381	25
<i>Union Dry Goods Co. v. Georgia Public Service Corporation</i> , 248 U. S. 372	35
<i>United States v. Ohio Oil Co.</i> , 234 U. S. 548.....	34
<i>Walters-Pierce Oil Co. v. Texas</i> , 212 U. S. 86.....	27
<i>Wyman, Public Service Corporations</i> , Sec. 214.....	24

IN THE

Supreme Court of the United States

OCTOBER TERM, 1918.

PRODUCERS TRANSPORTATION COM-
PANY,

Plaintiff in Error,

vs.

RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA, *et al.*,

Defendants in Error.

No. 695.

BRIEF OF DEFENDANTS IN ERROR.

I.

STATEMENT OF CASE.

This is a proceeding in error to review a judgment of the Supreme Court of California in *Producers Transportation Company v. Railroad Commission of the State of California et al*, 176 Cal. 499, affirming an order of the Railroad Commission of California (Tr. 601), finding that Producers Transportaion Company, which owns and operates a system of pipe lines for the transportation of crude oil from the San Joaquin Valley oil fields, in Kern and Fresno counties, California, to Port Harford, about 70 miles distant, on the shores of the Pacific Ocean, in San Luis Opispo County, California, is a common carrier and public

utility subject to the jurisdiction of the Railroad Commission of California under the provisions of the Public Utilities Act of California, and directing Producers Transportation Company to file schedules of its "rates and charges for the transportation of crude oil, petroleum or the products thereof by means of pipe lines from the San Joaquin Valley oil fields in the State of California, and its rules and regulations in connection with such transportation."

A.

The Issue.

The issue presented herein is whether the order of the Railroad Commission and the constitutional and statutory provisions of the State of California under which said order was made, violate the rights secured under the Constitution of the United States to a company operating under the conditions and circumstances surrounding the operations of Producers Transportation Company. The company claims that its business is entirely private in character, conducted solely under private contracts, and that accordingly the order of the Railroad Commission and the constitutional and statutory provisions under which the order was made impair the contract rights of the company and take its property without due process of law. The Railroad Commission contends that the business of Producers Transportation Company is not private in character, but that, as found by the Supreme Court of California, the company has held itself out as a common carrier of oil; furthermore, that even if the company's business heretofore has been private in character, the State

of California has the right, in accordance with the principle announced by the Supreme Court of the United States, to regulate that business as soon as the business becomes of public interest and concern.

B.

Constitutional and Statutory Provisions.

A clear understanding of the history of this proceeding will be facilitated by a statement at this point of the constitutional and statutory provisions of the State of California in effect at the time the present proceeding was initiated, and under the terms of which the order of the Railroad Commission of California under review herein was made.

1. *Constitution of California, Article XII, Section 23.*

The Constitution of California, Article XII, Section 23, as amended October 10, 1911, declares certain corporations, including pipe line corporations, to be public utilities, subject to such control and regulation by the Railroad Commission as may be provided by the Legislature.

"Sec. 23. *Every private corporation*, and every individual or association of individuals, owning, operating, managing, or controlling any commercial railroad, interurban railroad, street railroad, canal, *pipe-line*, plant, or equipment, or any part of such railroad, canal, *pipe-line*, plant or equipment within this state, for the *transportation* or conveyance of passengers, or express matter, or freight of any kind, *including crude oil*, or for the transmission of telephone or telegraph messages, or for the production, generation, transmission, delivery or furnishing of heat, light, water or

power or the furnishing of storage or wharfage facilities, *either directly or indirectly, to or for the public*, and every common carrier, *is hereby declared to be a public utility, subject to such control and regulation by the Railroad Commission as may be provided by the legislature.* * * *

The section then empowers the Legislature to declare additional businesses to be public utilities, subject to regulation by the Railroad Commission.

“* * * and every class of private corporations, individuals, or associations of individuals hereafter declared by the legislature to be public utilities shall likewise be subject to such control and regulation.”

In conclusion, the section provides that the right of the Legislature to confer upon the Railroad Commission powers respecting the regulation and supervision of public utilities is plenary and unlimited by any provision of the Constitution:

“* * * The railroad commission shall have and exercise such power and jurisdiction to supervise and regulate public utilities, in the State of California, and to fix the rates to be charged for commodities furnished, or services rendered by public utilities as shall be conferred upon it by the legislature, *and the right of the legislature to confer powers upon the railroad commission respecting public utilities is hereby declared to be plenary and to be unlimited by any provision of this Constitution.*”

In this section of the Constitution the people of the State of California have expressly declared that every private corporation engaged in transporting crude oil, through pipe lines, directly or indirectly to or for the

public, is a public utility subject to such jurisdiction by the Railroad Commission as may be imposed by the Legislature, and that the right of the Legislature to confer authority upon the Railroad Commission with reference to the supervision and regulation of public utilities is plenary and unlimited by any other provision of the Constitution.

2. *Public Utilities Act.*

The Public Utilities Act of California (Stats. 1911, Ex. Session, p. 18, as amended Stats. 1913, p. 934) defines in Section 2 thereof the public utilities subject to regulation by the Railroad Commission in accordance with the provisions of the Act. Section 2 (m) and 2 (n) provide:

"(m). The term '*pipe-line*,' when used in this act, includes all real estate, fixtures and personal property, owned, controlled, operated or managed in connection with or to facilitate the transmission, storage, distribution or delivery of *crude oil* or other fluid substances except water through pipe lines.

"(n). The term '*pipe line corporation*,' when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any *pipe line* for compensation within this state."

Section 2 (bb) provides:

"The term '*public utility*,' when used in this act, includes every common carrier, *pipe line corporation*, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger and warehouseman,

where the service is performed for or the commodity delivered to the public or any portion thereof. The term 'public or any portion thereof' as herein used means the public generally, or any limited portion of the public including a person, private corporation, municipality or other political subdivision of the state, for which the service is performed or to which the commodity is delivered, and whenever any common carrier, *pipe line corporation*, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger or warehouseman performs a service or delivers a commodity to the public or any portion thereof for which any compensation or payment whatsoever is received, such common carrier, *pipe line corporation*, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger or warehouseman is hereby declared to be a public utility subject to the jurisdiction, control and regulation of the commission and the provisions of this act. Furthermore, when any person or corporation performs any service or delivers any commodity to any person or persons, private corporation or corporations, municipality or other political subdivision of the state, which in turn either directly or indirectly, mediately or immediately, perform such service or deliver such commodity to or for the public or some portion thereof, such person or persons, private corporation or corporations and each thereof is hereby declared to be a public utility, and to be subject to the jurisdiction, control and regulation of the commission and to the provisions of this act."

The Public Utilities Act is altogether too lengthy to set forth *in extenso*, but, summarized, it provides for the organization of the Railroad Commission and confers upon it large powers of control over the rates,

service and finances of public utilities, including in Section 14 a requirement that the common carriers and public utilities subject to the provisions of the Act shall publish and file with the Railroad Commission schedules of their rates, rules and regulations.

This Act, in the sections above quoted, clearly brings within the purview of its provisions every private corporation engaged in transporting oil for compensation by means of pipe lines directly or indirectly to or for the public.

3. *Chapter 327, Statutes 1913, page 657.*

In 1913 the Legislature of California passed an act entitled, "*An act declaring certain corporations, individuals or associations of individuals engaged, directly or indirectly, in the transportation of crude oil or petroleum or the products thereof, for hire or otherwise, to be common carriers and public utilities and subject to the provisions of the act known as the public utilities act of the State of California, approved December 23, 1911.* (Approved June 4, 1913. In effect August 10, 1913.)" See Transcript, page 581, for full text of the Act.

Section 1 of the Act provides in part:

"Every private corporation and every individual or association of individuals:

"(a) Owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment within the State of California for the transportation of crude oil or petroleum or the products thereof, either directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid, given, ex-

tended or received, directly or indirectly, for such transportation, or engaged, directly or indirectly, in the business of so transporting the same; or

“(b) Owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof, directly or indirectly, to or for the public for hire, compensation or consideration of any kind, paid or received, directly or indirectly, for such transportation, and which said pipe line, plant or equipment is constructed or maintained upon, along, over or under any public highway, and in favor of whom the right of eminent domain exists;

* * *

“Is hereby declared to be a common carrier and subject to the provisions of the act known as the ‘Public Utilities Act,’ approved December 23, 1911.”

In this statute the Legislature of California again declares that every private corporation engaged in transporting oil for compensation by means of pipe lines directly or indirectly to or for the public, and particularly when the right of eminent domain exists in favor of such company, is a common carrier and public utility subject to the provisions of the Public Utilities Act.

C.

Proceedings Before the Railroad Commission.

On August 11, 1913, the Railroad Commission, of its own motion, made an order (Tr., 19) directing Producers Transportation Company, among others, to appear at a specified time and place and show cause why the Railroad Commission should not make

an order requiring said company to file with the Railroad Commission schedules of its rates and charges for the transportation of crude oil, petroleum, or the products thereof, and its rules and regulations in connection with such transportation, and otherwise comply fully with the provisions of Chapter 327 of the Laws of 1913, above mentioned.

In response to this order to show cause, Producers Transportation Company filed its appearance and statement (Tr., 25), denying that it was subject to regulation by the Railroad Commission and asserting that the constitutional and statutory provisions under which the Railroad Commission was proceeding were in violation of the Constitution of the United States in so far as they applied to Producers Transportation Company. A hearing was had, at which evidence was adduced showing the character of the business and operations of Producers Transportation Company. Thereafter, the Railroad Commission rendered its opinion and order (Tr., 580-601), finding that Producers Transportation Company is a common carrier and public utility in the transportation of crude oil, petroleum or the products thereof by means of pipe lines from the San Joaquin Valley oil fields, and directing the company to file with the Railroad Commission schedules of its rates and charges for such transportation, and rules and regulations therefor.

D.

Proceedings Before the Supreme Court of California.

Producers Transportation Company filed with the Supreme Court of the State of California a petition

for a writ to review the order of the Railroad Commission, as provided by Section 67 of the Public Utilities Act (Tr., 6). The writ was issued (Tr., 16), and thereafter the Supreme Court of California rendered its judgment affirming the order of the Railroad Commission.

From this judgment Producers Transportation Company sued out the present writ of error.

II.

FACTS.

Producers Transportation Company was incorporated under the laws of the State of California in June, 1909, for the purpose, among others, of conducting "a general transportation business for the purpose of transporting * * * any of the oils * * * produced * * * by this corporation, or any other person, firm, partnership, association or corporation, and for conducting the business of * * * carrying of oils, petroleum and any and all other substances aforesaid." (Tr., 75, 77.) The formation of the company was brought about through the efforts of a number of independent oil producers who, in 1904, organized themselves into a corporation known as the Independent Oil Producers Agency (Tr., 332, 439, 453), which is a mutual non-profit organization. (Tr., 439, 440.) These independent oil producers united for the purpose of forming an organization representing a sufficiently large oil production to attract the capital necessary to construct a pipe line to carry their oil from the wells in the San Joaquin Valley oil fields

to the market, and for the purpose of marketing their oil to the best advantage. (Tr., 446, 449, 453-459.) Each member of the Agency holds one share of the stock in the Agency. (Tr., 440.) In 1910 this Agency absorbed the Coalinga Oil Producers Agency, which was similar to the Independent Oil Producers Agency, and organized for the same general purpose. (Tr., 27, 462.) On August 1, 1913, the Independent Oil Producers Agency had 175 members (Tr., 439), which represented a production of 1,500,000 barrels of fuel oil per month (Tr., 437), or approximately 22 per cent of the entire production of the State. (Tr., 438.)

To finance the construction of the necessary pipe lines an arrangement was made between Producers Transportation Company and Union Oil Company of California, whereby the latter furnished \$3,500,000 to be used in the construction of the necessary pipe lines and received in consideration thereof a substantial part of the \$7,000,000 par value of stock of Producers Transportation Company and, in addition, \$3,500,000 face value of Producers Transportation Company bonds. The arrangement under which these pipe lines were constructed also includes an agreement by which every member of the Independent Oil Producers Agency is required to sign a contract covering a term of ten year, expiring January 1, 1920, under which the member agrees to deliver to the Agency for transportation and sale all the oil produced by him on specified lands, the covenants of which contract run with and bind the lands of the producer. (Tr., 346-354.) The Independent Oil Producers Agency in

turn made a contract on June 11, 1909, by which Producers Transportation Company is given the exclusive right for a period of ten years to transport, at specified rates, all the fuel oil controlled by the Agency. (Tr., 354-361.) A similar contract is required to be executed between Producers Transportation Company and each individual member of the Agency. (Tr., 437, 472.) Under this contract the members of the Agency cannot transport fuel oil produced by them except through the lines of Producers Transportation Company.

On June 24, 1909, a contract was made between the Agency and the Union Oil Company of California, whereby the latter was made the exclusive sales agent, for a period of ten years, of all the fuel oil of the Agency, the Union Oil Company of California receiving a commission for acting in this capacity. (Tr., 57-74.)

The complete pipe line system of Producers Transportation Company constructed under the arrangement above outlined includes a double 8-inch line about 70 miles long, extending from the San Joaquin Valley oil fields in Kern and Fresno counties to Port Harford, on the shores of the Pacific Ocean, in San Luis Obispo County, California. (Tr., 437, 460.) This line is constructed across public highways in Fresno, Kern, Kings and San Luis Obispo counties. (Tr., 30.) The company obtained a franchise from the County of San Luis Obispo (Tr., 134-138) and from the City of San Luis Obispo (Tr., 131-133, 139) for the construction of this pipe line along the public highways thereof.

A portion of the right of way desired for this line was acquired by Producers Transportation Company in a proceeding in eminent domain, brought in the Superior Court of San Luis Obispo County, entitled *Producers Transportation Company v. Gaspar O. Marre et al.*, the judgment and decree in condemnation being issued on December 18, 1909. (Tr., 319-321.) The complaint of Producers Transportation Company in that proceeding alleged "That plaintiff is engaged in the business of transporting oil by means of pipe lines as a common carrier for hire." (Tr., 314.)

Producers Transportation Company owns no facilities for carrying the oil from Port Harford. The oil is handled from this point by vessels owned or chartered by Union Oil Company of California, and an additional charge is made by that company for this service. (Tr., 437.)

Producers Transportation Company does not, itself, produce any oil whatever. It is engaged solely in the business of transporting, for profit, oil produced by others. Producers Transportation Company has undertaken to transport all the oil controlled by the Independent Oil Producers Agency and all the oil produced by the individual members of the Agency. Membership in the Agency has never been refused to anyone, but, on the contrary, the Agency has held itself open at all times to any independent producer who desired to become a member. While any member is required to comply with the contracts, rules and regulations of the Agency, no application to join

the Agency, in accordance with these conditions, has been refused. (Tr., 471, 495.)

These facts were summarized by the Supreme Court of California in its decision (Tr., 623), as follows:

"It thus appears that by its articles of incorporation petitioner declared that its purpose was to construct a pipe-line and by means thereof engage in a general transportation business of oil produced by any person, firm, or association; that claiming to be an agent of the state in charge of a public use, it seized private property, alleging that it was necessary for use in constructing this pipe-line, through and by means of which it proposed to serve the public, and that during all the time since completion thereof it, without discrimination, in accordance with the intention so to do as declared in its articles of incorporation, has, through and by means of said pipe-line, transported oil produced 'by any person, firm, partnership, association, or corporation' applying for such service. True, it required such applicant to comply with its rules, exactions, and regulations, among which was membership—refused to none, however—in the Producers Agency, an incident of which was that for the term ending January 1, 1920, they should appoint the agency to act for them in the transportation and sale of their oil."

III.

ARGUMENT.

A.

The Constitution and Statutes of California declare every private corporation engaged in transporting oil for compensation by means of pipe lines, directly or indirectly to or for the public, to be a public utility subject to regulation by the Railroad Commission of California.

There can be no question that in California a cor-

poration engaged in transporting oil for compensation by means of pipe lines, directly or indirectly, to or for the public, is a public utility subject to the jurisdiction of the Railroad Commission, and that the rates charged for such transportation are subject to regulation by the Railroad Commission. This is expressly provided in the Constitution and Statutes of California. These constitutional and statutory provisions have already been referred to *ante* p. 3, but for convenience are set forth again here:

1. Constitution of California, Article XII, Section 23.

"Sec. 23. Every private corporation, and every individual or association of individuals, owning, operating, managing, or controlling any commercial railroad, interurban railroad, street railroad, canal, *pipe-line*, plant, or equipment, or any part of such railroad, canal, *pipe-line*, plant or equipment within this state, for the transportation or conveyance of passengers, or express matter, or freight of any kind, *including crude oil*, or for the transmission of telephone or telegraph messages, or for the production, generation, transmission, delivery or furnishing of heat, light, water or power or for the furnishing of storage or wharfage facilities, either directly or indirectly, to or for the public, and every common carrier, is hereby declared to be a public utility subject to such control and regulation by the railroad commission as may be provided by the legislature, and every class of private corporations, individuals, or associations of individuals hereafter declared by the legislature to be public utilities shall likewise be subject to such control and regulation. The railroad commission shall have and exercise such power and jurisdiction to supervise and regulate public utilities, in the State of California, and to fix the rates to be charged for commodities furnished, or

services rendered by public utilities as shall be conferred upon it by the legislature, and the right of the legislature to confer powers upon the railroad commission respecting public utilities is hereby declared to be plenary and to be unlimited by any provision of this Constitution. * * *

This section of the Constitution expressly declares that every private corporation transporting oil by means of pipe-lines, either directly or indirectly, to or for the public is a public utility subject to such jurisdiction by the Railroad Commission as may be imposed by the Legislature; that the Railroad Commission shall have such power to fix the rates to be charged for such transportation as may be prescribed by the Legislature, and that the right of the Legislature to confer upon the Railroad Commission power and jurisdiction with reference to the regulation of public utilities is plenary and unlimited by any provision of the Constitution.

The provisions of this section of the Constitution, including those giving plenary and unlimited authority to the Legislature to vest in the Railroad Commission jurisdiction respecting public utilities, have already been reviewed and fully sustained by the Supreme Court of California. (*Pacific Tel. & Tel. Co. v. Eshleman*, 166 Cal. 640, 658, 689.)

2. *Public Utilities Act.*

Under the provisions of Section 23, Article XII, of the Constitution of California, the Legislature of California enacted the Public Utilities Act. (Stats. 1911, Ex. Session, p. 18, as amended Stats. 1913, p. 934.)

Section 2 of this Act defines the public utilities subject to the provisions of the Act and the jurisdiction of the Railroad Commission.

“(m) The term ‘*pipe line*,’ when used in this act, includes all real estate, fixtures and personal property, owned, controlled, operated or managed in connection with or to facilitate the transmission, storage, distribution or delivery of *crude oil* or other fluid substances except water through pipe lines.

“(n) The term ‘*pipe line corporation*,’ when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any pipe line for compensation within this state.”

Section 2 (bb) provides:

“(bb) The term ‘public utility,’ when used in this act, include every common carrier, *pipe line corporation*, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger and warehouseman, *where the service is performed for or the commodity delivered to the public or any portion thereof*. The term ‘public or any portion thereof’ as herein used means the public generally, or any limited portion of the public including a person, private corporation, municipality or other political subdivision of the state, for which the service is performed or to which the commodity is delivered, and whenever any common carrier, *pipe line corporation*, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger or warehouseman performs a service or delivers a commodity to the public or any portion thereof for which any compensation or payment whatsoever is received, such common carrier, *pipe line cor-*

poration, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger or warehouseman is hereby declared to be a public utility subject to the jurisdiction, control and regulation of the commission and the provisions of this act. Furthermore, when any person or corporation performs any service or delivers any commodity to any person or persons, private corporation or corporations, municipality or other political subdivision of the state, which in turn either directly or indirectly, mediately or immediately, perform such service or deliver such commodity to or for the public or some portion thereof, such person or persons, private corporation or corporations and each thereof is hereby declared to be a public utility, and to be subject to the jurisdiction, control and regulation of the commission and to the provisions of this act."

3. *Chapter 327, Statutes 1913, page 657.*

This Statute, enacted in 1913, provides in part:

"Every private corporation and every individual or association of individuals:

"(a) Owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment within the State of California for the transportation of crude oil or petroleum or the products thereof, either directly or indirectly, to or for the public, for hire, compensation or consideration of any kind, paid, given, extended or received, directly or indirectly, for such transportation, or engaged, directly or indirectly, in the business of so transporting the same; or

"(b) Owning, operating, managing or controlling any pipe line or any part of any pipe line, plant or equipment for the transportation of crude oil, petroleum or the products thereof, directly or indirectly, to or for the public for hire, compensation or consideration of any kind, paid or re-

ceived, directly or indirectly, for such transportation, and which said pipe line, plant or equipment is constructed, or maintained upon, along, over or under any public highway, and in favor of whom the right of eminent domain exists;

* * * * *

"Is hereby declared to be a common carrier and subject to the provisions of the act known as the 'Public Utilities Act,' approved December 23, 1911."

Both the Public Utilities Act and Chapter 327, Statutes 1913, specifically declare that every private corporation engaged in the transportation of oil for compensation by means of pipe-lines, directly or indirectly, to or for the public is a public utility subject to the jurisdiction of the Railroad Commission. The latter Statute also specifically provides that such a corporation shall be a public utility when the right of eminent domain exists in favor of such corporation.

B.

The record in this proceeding and the findings of the Supreme Court of California and the Railroad Commission establish that Producers Transportation Company has devoted its property to public use, and has undertaken the business of transporting oil for compensation as a common carrier and public utility within the provisions of the Constitution and Statutes of California, and these findings will not be disturbed by this Court, especially when supported by such convincing evidence as the exercise of the right of eminent domain by said company.

1. Summary of Facts.

We have heretofore, *ante* 10-14, set forth the facts showing the history and operations of Producers Transportation Company. Summarizing, these facts

show that Producers Transportation Company was organized for the purpose of engaging in the business of transporting oil produced by any person, firm or corporation; that the company has engaged in such transportation, and has undertaken to carry, at specified rates, all the oil delivered to it by the Independent Oil Producers Agency or any member thereof; that Independent Oil Producers Agency has held itself ready to take into its membership any independent oil producer, and that membership in the Agency has never been refused any one, and that the Agency is a mutual non-profit organization which, on August 1, 1915, had a membership of 175 independent producers; that in constructing its pipe-line Producers Transportation Company applied for and received franchises from the public authorities of the County of San Luis Obispo and the City of San Luis Obispo, California, and further, acquired a part of the right-of-way for the line, in condemnation proceedings as an agent of the State, taking the property for public use; that Producers Transportation Company itself produces no oil, but is engaged in transporting, for compensation, oil produced by others, *i. e.*, members of the Independent Oil Producers Agency, which has held itself open, ready and willing to receive into its membership every producer of oil desiring to join said Agency.

2. Members of Agency Do Not Transfer to Agency Title to Oil Produced by Them.

Producers Transportation Company, in its brief filed with this Honorable Court, now makes the con-

tention that the Company is transporting only oil owned by Independent Oil Producers Agency; in other words, that the title to the oil produced by each member of the Agency is, from the beginning, transferred to the Agency itself. (Plff.'s Brief, 14, 17, 49, 53, 54.) The Company urges this fact upon this Honorable Court as a reason for reversing the decision of the Court below. We are satisfied that even if the fact were as stated by the Company it could not affect the correctness of the order of the Railroad Commission or the judgment of the Supreme Court of California. We are surprised, however, to find the Company, in its brief filed with this Honorable Court, making the claim that it is transporting only oil actually owned by Independent Oil Producers Agency, which claim is directly contrary to the findings of the Railroad Commission and the Supreme Court of California, and directly contrary to the contention of the Company itself in the proceedings below. In its brief before the Supreme Court of California plaintiff in error stated:

"The agency, as such, *bought no oil at all*. It simply gathered together the oil of its members and delivered it through the pipe-line in question to be transported to market and sold by the selling agent. The oil, from the time it was produced until the time it was sold, remained the property of the members of the agency, and was merely handled BY THEMSELVES in this way.

"Each agency member, therefore, through the agency, *hired his own oil transported*. Each agency member, also, through his agent, who was on commission only, *sold his own oil*, and through

the agency, which was his servant, *and which made no profit*, received the proceeds." (Italics and capitals those of the Company.)

This statement is directly contrary to the contention now urged by the Company.

In support of its present contention, Producers Transportation Company refers in its brief to the form of pipeage contracts. (Tr., 346 *et seq.*) An inspection of these contracts, however, shows no agreement on the part of the Agency member to transfer to the Agency the title to the oil produced by him. The member of the Agency agrees merely "to deliver to said Agency for sale by it all petroleum produced from said land, or any part thereof" (Tr., 346), and the Agency undertakes to handle this oil and to "sell all petroleum produced by the producer from the said land and delivered to the Agency hereunder in such lots as the Agency may determine, at the highest price obtainable therefor," the Agency to receive a specified commission for this service. (Tr., 349.)

Furthermore, the operations of Independent Oil Producers Agency were fully presented by the testimony of Mr. L. P. St. Clair, its president. (Tr., 434 *et seq.*) At page 439 of the transcript appears the following:

"COMMISSIONER ESHLEMAN: Mr. St. Clair, state briefly what the function of your Agency is, what you are incorporated to do and what do you do?

"A. The Agency is a non-profit co-operative organization that handles the oil of 175 smaller producers in the State of California. This contract with the producer provides that all the oil is to be delivered to the Agency for sale and to

be sold to the best advantage, and any charges incident to the selling of the oil are to be deducted, and the net return given over to the producer. For its services it is permitted to charge a half a cent per barrel for handling the oil."

As here stated by the president of the Agency and as evidenced by the contracts themselves, the Agency does not acquire title to the oil produced by its members, but merely undertakes to act as agent for the members in handling and marketing their oil.

We understand that this Honorable Court will not, in proceedings like the present, review the findings of fact made by the Court below, and upon which the judgment of the Court below was based. We cannot allow to pass unnoticed, however, claims of fact now made by Producers Transportation Company, contrary to the record in the proceeding, and directly contrary to statements of fact made by the Company itself to the Court below.

3. *Exercise of Eminent Domain.*

The exercise by Producers Transportation Company of the right of eminent domain deserves special consideration. In California, property may be taken in eminent domain only for "public use" and by one acting as "an agent of the State." The Code of Civil Procedure of California, Section 1237, provides:

"1237. Eminent domain is the right of the people or government to take private property for *public use*. This right may be exercised in the manner provided in this title."

Section 1238 provides in part:

"1238. Subject to the provisions of this title, the right of eminent domain may be exercised in behalf of the following *public uses*," naming in subsection 10 "oil pipe lines."

The Civil Code of California, section 1001, provides:

"1001. Any person may, without further legislative action, acquire private property for any use specified in section twelve hundred and thirty-eight of the Code of Civil Procedure either by consent of the owner or by proceedings had under the provisions of title seven, part three, of the Code of Civil Procedure; and any person seeking to acquire property for any of the uses mentioned in such title is '*an agent of the State*,' or a 'person in charge of such use,' within the meaning of those terms as used in such title."

These sections were in effect when Producers Transportation Company claimed the right to exercise the power of eminent domain. The assertion of the right to exercise the power of eminent domain has always been recognized as conclusive evidence that the corporation asserting the right has devoted its property to public use. Wyman, in his work on *Public Service Corporations*, volume 1, section 214, states this principle as follows:

"A factor which if present is always seized upon *first* to show that the service in question is necessarily conducted upon a public basis, is *the exercise of the right of eminent domain* by the proprietors of the enterprise. This has always been considered as *conclusivus evidence* of irrevocable profession of public employment in the absence of

an express disclaimer at the time of the acceptance. It is difficult to select one quotation to this effect from the almost innumerable decisions in which this point is made; but in one New Jersey case it is put most succinctly: 'The fact that the legislature has granted the right to take private property clearly evinced the legislative intent to lay such companies under obligations to the public to permit the use of their lines by all persons under reasonable regulations; and, in accepting the benefits of this law, the recipient of them assumes the performance of this duty to the public.' "

(*State ex rel. Turnpike Co. v. American & E. News Co.*, 43 N. J. L. 381.)

While it is true that the condemnation suit in question, namely, *Producers Transportation Co. v. Gaspar O. Marre et al.*, was settled by an agreement between the parties, this settlement involved the issuance of a judgment and decree in condemnation by the Court (Tr., 319-321), in a proceeding in which the complaint of Producers Transportation Company alleged "That plaintiff is engaged in the business of transporting oil by means of pipe lines as a common carrier for hire." (Tr., 314.) In other words, the right to exercise the power of eminent domain having been asserted by Producers Transportation Company and the decree of condemnation issued by the Court, the company cannot now successfully avoid the inevitable result of its action.

4. *Findings of Supreme Court of California and Railroad Commission.*

After reviewing the facts in the record, the Railroad Commission made a finding that Producers Trans-

portation Company is a common carrier and public utility, and this finding was sustained and reannounced by the Supreme Court of California, expressly declaring that under the evidence in this case the company clearly has devoted its property to public use and has undertaken the business of transporting oil for compensation, indirectly at least, for the public, and that the company is within the purview of the provisions of the Constitution and Statutes of California above mentioned.

We feel confident that this Honorable Court will not be disposed to review these findings of fact, supported as they are by the conclusive evidence to which we have referred. As stated by Mr. Justice Day in *Portland Railway, Light & Power Co. v. Railroad Commission of Oregon*, 229 U. S. 397, at page 412:

"In this case the facts found by the lower court are adopted in the supreme court and supported by competent testimony; *and this court does not sit to retry issues of fact thus heard and determined by the properly constituted tribunals of the state having jurisdiction of the subject.*"

In *Kerfoot v. Farmers & Merchants Bank*, 218 U. S. 281, at page 288, Mr. Justice Hughes announced the same rule, as follows:

"It was also urged by the plaintiff in error that the deed was not accepted by the bank, and was inoperative for that reason. The supreme court of Missouri held upon the evidence that it was accepted, *and this court on a question of that character, does not review the findings of fact which have been made in the state court.*"

In *Waters-Pierce Oil Co. v. Texas*, 212 U. S. 86, at page 106, Mr. Justice Day states:

"And, in the findings which we have above quoted as to the evidence, the state court has found that the defendant has been, since May 31, 1900, a party to an agreement with the Standard Oil Company of New Jersey, to create a monopoly and to control prices and private competition in Texas, and that, to a large extent, the object has been accomplished. *These findings of fact are conclusive upon us*, and show that the conviction was had for acts and transactions committed and carried out within the State of Texas."

In *Clipper Mining Co. v. Eli Mining & Land Co.*, 194 U. S. 220, at page 222, Mr. Justice Brewer states:

"It is the settled rule that this court, in an action at law, at least, has no jurisdiction to review the conclusions of the highest court of a state upon questions of fact."

Accordingly, the only remaining question is, whether the constitutional and statutory provisions of the State of California, declaring that a private corporation engaged in the transportation of oil for compensation by means of pipe lines, directly or indirectly, to or for the public shall be subject to regulation by the Railroad Commission, violate any of the provisions of the Constitution of the United States.

C.

A State has the power to declare any business which is of public interest and concern to be a public utility and subject to regulation by the State, particularly when those conducting the business have devoted its property to public use; and the fact that the business is conducted through contracts does not preclude such regulation.

This Honorable Court, in a series of decisions, has definitely established the right of a State to declare any business which is of public interest and concern to be subject to regulation by the State, particularly when those conducting the business have devoted its property to public use. This principle was first fully considered and definitely announced in the leading decision of *Munn v. Illinois*, 94 U. S. 113. In 1870 the people of the State of Illinois adopted a new Constitution, providing in part that "all elevators or storehouses where grain or other property is stored for a compensation, whether the property stored be kept separate or not, are declared to be public warehouses." The following year the Legislature, in order to give effect to this provision of the Constitution, passed a statute requiring licenses to be obtained to operate such elevators or warehouses, prescribing the maximum rates to be charged for the storage and handling of grain and providing penalties for violations of the act.

Munn and Scott refused to secure a license or to conform to the rates specified in the statute, claiming that the statute subjecting their business to regulation violated the Federal Constitution. They were indicted, convicted and fined. This judgment was affirmed by the Supreme Court of Illinois, whereupon a writ of error was sued out in the United States Supreme Court. The only question presented was the constitutionality of the State statute regulating as a public utility the business of storing grain for compensation. The Supreme Court of the United States decided that the

State had the right, under its police power, to regulate this business, although the business had always been regarded as private in character and free from all regulation.

Mr. Chief Justice Waite, in announcing the decision of the Court, states at page 125 of the Reporter, the fundamental principle of public utility regulation upon which we rely in the present proceeding, as follows:

"This brings us to inquire as to the principle upon which this power of regulation rests, in order that we may determine what is within and what without its operative effect. Looking, then, to the common law from whence came the right which the Constitution protects, we find that when private property is 'affected with a public interest, it ceases to be *juris privati* only.' This was said by Lord Chief Justice Hale more than two hundred years ago, in his treatise *De Portibus Maris*, 1 Harg. Law Tracts 78, and has been accepted without objection as an essential element in the law of property ever since. *Property does become clothed with a public interest when used in a manner to make it of public consequence, and affect the community at large. When, therefore, one devotes his property to a use in which the public has an interest he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good, to the extent of the interest he has thus created. He may withdraw his grant by discontinuing the use; but, so long as he maintains the use, he must submit to the control.*"

Mr. Chief Justice Waite then applies the principle thus announced, to the grain storing business of Illinois and holds that, although the State had not theretofore

regulated this business, the State had the right to regulate the business because it was one of public concern. In reaching this conclusion he states, at page 133:

"Neither is it a matter of any moment that no precedent can be found for a statute precisely like this. It is conceded that the business is one of recent origin, that its growth has been rapid, and that it is already of great importance. And it must also be conceded that it is a business in which the whole public has a direct and positive interest. It presents, therefore, a case for the application of a long known and well established principle in social science, and this statute simply extends the law so as to meet this new development of commercial progress. There is no attempt to compel these owners to grant the public an interest in their property, but to declare their obligations, if they use it in this particular manner.

"It matters not in this case that these plaintiffs in error had built their warehouses and established their business before the regulations complained of were adopted. What they did was, from the beginning, subject to the power of the body politic, to require them to conform to such regulation as might be established by the proper authorities for the common good."

The decision in the *Munn* case has been reaffirmed and followed in *Burlington v. Beasley*, 94 U. S. 310; *Spring Valley Water Works v. Schottler*, 110 U. S. 347; *Budd v. New York*, 143 U. S. 517; *Brass v. North Dakota*, 153 U. S. 391, and, finally, was again fully analyzed and affirmed in *German Alliance Insurance Co. v. Lewis*, 233 U. S. 389. In that case, this Honorable Court upheld as a valid exercise of the State police power a statute of the State of Kansas, prescribing the rates to be charged by companies engaged

in the business of fire insurance, and requiring such companies to file their rates with the State Superintendent of Insurance. The German Alliance Insurance Company and others sought to restrain the enforcement of the statute on the ground that "the business of fire insurance is a private business, and, therefore, there is no constitutional power in a State to fix the rates and charges for services rendered by it." The Supreme Court of the United States overruled these contentions of the Insurance Company and upheld the constitutionality of the Kansas statute as a valid exercise of the State's police power to regulate, as a public utility, any business which becomes a matter of public interest and concern. Mr. Justice McKenna, at page 406, states that the basis of the power of regulation is the public interest in the business regulated.

"The transportation of property—business of common carriers—is obviously of public concern, and its regulation is an accepted governmental power. The transmission of intelligence is of cognate character. There are other utilities which are denominated public, such as the furnishing of water and light, including in the latter gas and electricity. We do not hesitate at their regulation nor of the fixing of the prices which may be charged for their service. The basis of the ready concession of the power of regulation is the public interest."

And, after reviewing the *Munn* and other decisions, states at page 411:

"The cases need no explanatory or fortifying comment. They demonstrate that a business, by

circumstances and its nature, may rise from private to public concern and be subject, in consequence, to governmental regulation. And they demonstrate, to apply the language of Judge Andrews in the *Budd* case (117 N. Y. 1, 27) that the attempts made to place the right of public regulation in the cases in which it has been exerted, and of which we have given examples, upon the ground of special privilege conferred by the public on those affected cannot be supported. *'The underlying principle is that business of certain kinds holds such a peculiar relation to the public interest that there is superinduced upon it the right of public regulation.'*"

These decisions unquestionably establish the right of the State of California to declare a private corporation engaged in the transportation of oil for compensation, directly or indirectly, to or for the public to be a public utility, subject to regulation by the Railroad Commission, particularly when the company in question, as found by the Railroad Commission and the Supreme Court of California, has devoted its property to public use.

We desire to call attention here also to the fact that this Court has repeatedly announced that the declaration by a State Legislature that a business is of public interest and concern, and must be regulated as a public utility, is not subject to judicial review unless the declaration is clearly beyond reason and not justifiable under any state of facts. As stated by Chief Justice Waite in *Munn v. Illinois*, 94 U. S. 113, *supra*, at page 132:

"For our purposes we must assume that, if a state of facts could exist that would justify such a

regulation, it actually did exist when the statute now under consideration was passed. For us the question is one of power, not of expediency. If no state of circumstances could exist to justify such a statute, then we may declare this one void, because in excess of the legislative power of the State. But if it could, we must presume it did. Of the propriety of legislative interference within the scope of legislative power, the legislature is the exclusive judge."

Again, in *German Alliance Insurance Co. v. Lewis*, 233 U. S. 389, *supra*, Mr. Justice McKenna announces the same conclusion at page 413:

"What makes for the general welfare is necessarily in the first instance a matter of legislative judgment, and a judicial review of such judgment is limited. 'The scope of judicial inquiry in deciding the question of power is not to be confused with the scope of legislative considerations in dealing with the matter of policy. Whether the enactment is wise or unwise, whether it is based on sound economic theory, whether it is the best means to achieve the desired result, whether, in short, the legislative discretion within its prescribed limits should be exercised in a particular manner, are matters for the judgment of the legislature, and the earnest conflict of serious opinion does not suffice to bring them within the range of judicial cognizance.' *Chicago, B. & Q. R. Co. v. McGuire*, 219 U. S. 540, 569."

Regulation of companies engaged in transporting oil for compensation by means of pipe lines cannot be said to be unreasonable and unjustifiable when this Honorable Court itself has upheld the regulation of such companies as common carriers by the Interstate Commerce Commission, in so far as interstate transporta-

tion is concerned. *United States v. Ohio Oil Co.*, 234 U. S. 548.

The fact that the business declared to be a public utility is conducted through contracts is immaterial as affecting the power of the State to subject the business to regulation. This Honorable Court has often announced that the exercise by a State of its police power cannot be hindered or interfered with by existing contracts. In *Atlantic Coast Line Railroad Co. v. Goldsboro*, 232 U. S. 548, this principle is announced by Mr. Justice Pitney at page 558 as follows:

"It is settled that neither the 'contract' clause nor the 'due process' clause has the effect of overriding the power of the state to establish all the regulations reasonably necessary to secure the health, safety, good order, comfort or general welfare of the community; that this power can neither be abdicated nor bargained away and is inalienable even by express grant; and that all contract and property rights are held subject to its fair exercise."

In *German Alliance Insurance Co. v. Lewis*, 233 U. S. 389, *supra*, the Insurance Company strongly urged that the State of Kansas could not regulate its business because it was being carried on exclusively by means of contracts between the Insurance Company and the policy holders. This Court recognized that the insurance business was peculiarly one which had to be carried on by means of contracts. Nevertheless, it was there held that the police power of the State was supreme and that the State could regulate the insurance business irrespective of the fact that the business could be conducted only under contracts.

Not only is the power of a State to declare a business to be a public utility unaffected by such contracts, but the State may, in fact, alter and revise the contracts themselves. The supremacy of the police power of the State in this regard was announced by this Court in *Union Dry Goods Co. v. Georgia Public Service Corporation*, 248 U. S. 372, decided January 7, 1919. In that case this Court upheld an order of the Railroad Commission of Georgia increasing the rate at which the Georgia Public Service Corporation had contracted to supply electric light and power to Union Dry Goods Company. In this decision Mr. Justice Clarke states at page 374:

"As we have seen, the rates prescribed by the Commission were declared by it to be reasonable and the Service Company was given authority to charge them. The plaintiff in error did not assert in its pleadings, or offer evidence tending to prove that these Commission rates were unreasonable, but complained only that they were higher than the contract rates, and for this reason, it argued, that to give effect to the order, as the state supreme court did, violated the provisions of the Constitution referred to.

"The presumption of law is in favor of the validity of the order, and the plaintiff in error did not deny, as it could not successfully, that capital invested in an electric light and power plant to supply electricity to the inhabitants of a city is devoted to a use in which the public has an interest which justifies rate regulation by a state in the exercise of its police power. *Munn v. Illinois*, 94 U. S. 113, 24 L. ed. 77; *Budd v. New York*, 143 U. S. 517, 36 L. ed. 247, 4 Inters. Com. Rep. 45, 12 Sup. Ct. Rep. 468; *German Alliance Ins. Co. v. Lewis*, 233 U. S. 389, 407, 58 L. ed. 1011, 1020, L. R. A. 1915 C, 1189, 34 Sup. Ct. Rep. 612.

"Thus it will be seen that the case of the plaintiff in error is narrowed to the claim that reasonable rates, fixed by a state in an appropriate exercise of its police power, are invalid for the reason that, if given effect, they will supersede the rates designated in the private contract between the parties to the suit, entered into prior to the making of the order by the Railroad Commission.

"Except for the seriousness with which this claim has been asserted and is now pursued into this court, the law with respect to it would be regarded as so settled as not to merit further discussion."

And after referring to *Atlantic Coast Line Railroad Co. v. Goldsboro*, *supra*, and other cases, states at page 377:

"These decisions, a few from many to like effect, should suffice to satisfy the most skeptical or belated investigator that the right of private contract must yield to the exigencies of the public welfare when determined in an appropriate manner by the authority of the state, and the judgment of the Supreme Court of Georgia must be affirmed."

The Supreme Court of California has already recognized the right of the Railroad Commission in prescribing rates for public utility service to alter the rate specified in contracts between the public utility and its patrons. *Limoneira Co. v. Railroad Commission of California*, 174 Cal. 232; *Southern Pacific Co. v. Spring Valley Water Co.*, 173 Cal. 291.

We respectfully submit that the decisions to which we have referred clearly establish the right of the State of California to declare a company, such as Producers

Transportation Company, to be a common carrier and public utility, subject to regulation by the Railroad Commission, and that the judgment of the Supreme Court of California, sustaining the jurisdiction of the Railroad Commission to regulate Producers Transportation Company, should be affirmed.

Respectfully submitted,

DOUGLAS BROOKMAN,
Attorney for Defendants in Error.

No. 219.

DEC 9 1919

JAMES D. MAHER
CLERK

IN THE
SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1919.

PRODUCERS' TRANSPORTATION COMPANY,
Plaintiff in Error.

vs.

THE RAILROAD COMMISSION OF THE STATE
OF CALIFORNIA, ET AL.
Defendants in Error.

Reply Brief of Plaintiff in Error.

LEWIS W. ANDREWS,
THOMAS O. TOLAND,
A. V. ANDREWS,
PAUL M. GREGG,
Attorneys for Plaintiff in Error.

SUBJECT INDEX.

	<i>Page</i>
Authorities cited by Defendant in Error Regarding Contracts with Public Utilities not Applicable.....	22
Findings of Courts Below do not Foreclose this Court in this Case	1
Members of Agency DO Transfer to Agency Title to Fuel Oil Produced by Them—Plaintiff in Error has not Changed its Position upon this Contention.....	9
Misleading Quotation from Mr. St. Clair's Testimony..	16
St. Clair shows that All the Oil is Handled, Controlled and, for all Purposes of Transportation, Owned by the Corporate Unit	16

CASES REFERRED TO.

	<i>Page</i>
<i>Associated Pipe Line Co. vs. Railroad Commission of California</i> , 176 Cal. 578	2
<i>Cedar Rapids Gas Co. vs. Cedar Rapids</i> , 223 U. S. 668...	7
<i>Cresswill vs. Knights of Pythias</i> , 225 U. S. 261.....	8
<i>Frank vs. Magnum</i> , 237 U. S. 347	9
<i>Kansas City Southern Ry. Co. vs. Albers Commission Co.</i> , 223 U. S. 573, 591	6

IN THE
SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1919.

No. 219.

PRODUCERS' TRANSPORTATION COMPANY,
Plaintiff in Error.

vs.

THE RAILROAD COMMISSION OF THE STATE
OF CALIFORNIA, ET AL.
Defendants in Error.

Reply Brief of Plaintiff in Error.

The findings of the courts below do not foreclose this
Court in this case.

It is asserted by counsel for defendants in error that the controlling factors in this case were questions of fact upon which the Railroad Commission has found and the Supreme Court of California has acted and that the findings and conclusions of the tryer of fact (the Railroad Commission) and the review of such findings and conclusions by the Supreme Court of California are conclusive upon this Court.

In a case of this character we submit that such is not the law. Indeed, the findings are more of law than

fact, for the real facts are not in dispute, but are either ignored or misapplied.

Under the Public Utilities Act of California the findings of fact by the Railroad Commission are expressly made conclusive upon the Supreme Court. That Court, however, is granted authority by writ of review to examine the proceedings of the Honorable Railroad Commission to the extent necessary to determine whether it has regularly pursued its authority and whether it has violated any of the provisions of the Constitution of the United States or of the State of California.

In *Associated Pipe Line Company vs. Railroad Commission*, 176 Cal. 518, there had been an express finding by the Railroad Commission that Associated Pipe Line Company and Associated Oil Company were common carriers.

The Court, in its opinion, says:

“As bringing petitioners within the provisions of these subdivisions (referring to the Act of 1913) the Commission *found as fact* that in the transportation of crude oil and its products by means of pipe lines from the San Joaquin Valley petitioners were common carriers thereof, or, in the language of the statute, they were engaged in transporting such articles ‘to or for the public for hire’. *In our opinion, there is no evidence to support the finding as to either of the petitioners.*” (Italics ours.)

The Court then quotes a definition of a common carrier as one who

“holds himself out as such to the world; that he undertakes generally and for all persons indiffer-

ently to carry goods and deliver them for hire; and that his public profession of his employment be such that if he refuse without some just ground to carry goods for anyone, in the course of his employment and for a reasonable and customary price, he will be liable to an action."

The Court proceeds:

"It is one who offers to carry goods for any persons between certain termini and who is bound to carry for all who tender their goods and the price of carriage."

The Court concludes:

"We are unable to perceive anything in the facts established which does not compel the conclusion that petitioners were engaged in a purely private business of transporting oil through these pipe lines."

This was necessarily matter of law, and this Court can and will make the same examination of facts as did the Supreme Court of California to determine as question of law whether there is any support or warrant for the finding or conclusion.

The Federal questions here presented have been clearly made at every stage of this proceeding, and the fact that the findings of the Railroad Commission are not supported by the evidence, but are contrary thereto, and are violative of the constitutional rights of plaintiff in error is clearly asserted.

In the petition for rehearing before the Railroad Commission (Tr. of Rec., pages 602, 603, 606)—which petition is required to state all grounds of objection

and is the basis for the review in the Supreme Court,—it is expressly alleged:

“That the findings, opinion, order and decision of the Honorable Railroad Commission made in the above entitled case,—and that each and all of the provisions of the Constitution of the State of California,—and each and all of the provisions of each and all statutes, laws and acts of the State of California, which authorize either the said findings, order or decision of said Commission or upon which the same are based and, or pursuant to which the same are made,—and each thereof is:

“(1) In violation of Section I of the 14th Amendment of the Federal Constitution,—and of the rights of this applicant thereunder;

“(2) In violation of Section 10 of Article I of the Federal Constitution,—and of the rights of this applicant thereunder;” (p. 603)

“That the findings of the Honorable Railroad Commission are contrary to and are not sustained by the evidence, and its conclusions and orders are not supported either by the findings or the evidence, and are erroneous and unlawful, and in particular as follows: (p. 606)

“18. The further finding of the Commission that Producers Transportation Company is a common carrier and public utility, and subject to the Public Utilities Act of this state in the transportation of crude oil, petroleum, or the products thereof, by means of pipe lines from said San Joaquin Valley Oil Fields, is contrary to and not sustained by the evidence and further is a conclusion of law not based upon or flowing from the evidence in this case or from any finding of fact drawn or properly drawn therefrom.” (p. 616.)

Each of the specific findings of the Commission, to the extent that it is contrary to the undisputed evidence, is specifically stated.

This petition for rehearing was carried into and made a part of the application for writ of review in the Supreme Court of California and was the basis for that review.

If the property of Producers Transportation Company has never been devoted to any public use, but is in truth and in fact, as shown by the evidence, *private property*, then, manifestly, the converting of this property into a common carrier and public utility and subjecting it to the resultant public burdens under the order of the Railroad Commission is a violation of the constitutional rights of Producers Transportation Company.

We assert that, upon the record and under the undisputed testimony—

(1) The finding by the Railroad Commission:

(a) That Producers Transportation Company had devoted its pipe lines to public use; and

(b) That it is a common carrier and a public utility, are wholly unsupported by and contrary to the evidence.

(2) That the Federal rights of plaintiff in error that its private property shall not be taken for public use without due process of law; that it shall enjoy the equal protection of the laws with other citizens similarly situated; and that its contracts, made before it was organized and under which it was financed and has solely operated, shall be protected as against subsequent laws impairing the obligation of such contracts, —and the alleged violation of those rights in this case presents mixed questions of fact and law which are necessarily so intermingled that those rights cannot

be asserted and protected unless the Court examines the undisputed testimony for itself.

We therefore submit that this case falls squarely within the principles repeatedly held by this Court, and especially within the following cases:

Kansas City Southern Ry. Co. vs. Albers Commission Co., 223 U. S. 573, 591, and cases there cited.

In the principal case the Court says (p. 591):

“While it is true that, upon a writ of error to a state court, we cannot review its decision upon pure questions of fact, but only upon questions of law bearing upon the Federal right set up by the unsuccessful party, it is equally true that we may examine the entire record, including the evidence, if properly incorporated therein, to determine whether what purports to be a finding upon question of fact is so involved with and dependent upon such questions of law as to be in substance and effect a decision of the latter.”

And on page 594, after a full review of the facts from the record, the Court says:

“The finding necessarily involved the decision of questions * * * of law bearing upon the Federal right, such as the *legal effect of evidence*.”
(Italics ours.)

And, on page 595,

“The uncontradicted testimony of witnesses likely to be informed on the subject disclosed the existence of an applicable, lawful rate * * * .

True, this testimony was not the best evidence, but, being offered and admitted without objection, it was evidence which could not be disregarded."

(Citing cases) * * *

"Such being the state of the evidence, the necessary conclusion as matter of law, is that an applicable and lawfully established local rate was in force on each road."

So in this case the "uncontradicted" evidence shows that this pipe line system was constructed for the purpose of carrying out certain private contracts made to induce such construction; that it has been exclusively used and devoted to the carrying out of those contracts and that no member of the public (as such) has ever transported any oil through these lines. From this testimony (which is in effect found by the Railroad Commission) it must result as matter of law that this pipe line property was not performing the functions, either directly or indirectly, of a common carrier or public utility.

There are many other states of fact from which legal conclusions flow in like manner,—the facts themselves standing in uncontradicted testimony.

In *Cedar Rapids Gas Co. vs. Cedar Rapids*, 223 U. S. 668, this Court said:

"But of course findings, either at law or in equity, may depend upon questions that are re-examinable here. The admissibility of evidence or its sufficiency to warrant the conclusion reached may be denied; *or the conclusion may be a composite of fact and law* * * * ; or in some way the record may disclose that the finding necessarily involved a ruling within the appellate jurisdiction of this Court. Such questions, properly saved,

must be answered and, so far as it is necessary to examine the evidence in order to answer them or to prevent an evasion of the real issues, the evidence will be examined." (*Italics ours.*)

In *Cresswill vs. Knights of Pythias*, 225 U. S. at 261, this Court after approving the statement of the law concerning laches made by the Supreme Court of Georgia, said:

"The question, then, is—can the decree of the Court be maintained consistently with the doctrine of laches which the Court expounded * * * ? As the inquiry which we thus state rests upon the premise that all the propositions of law applied by the Court are to be taken as correct, it follows that there is no possibility of deciding there was material error unless it is to be found *in the application* which the Court made of the principle of law which it applied to the facts established by the evidence, all of which is in the record in connection with the finding made by the jury. While it is true that upon a writ of error to a state court we do not review findings of fact, nevertheless, two propositions are as well settled as the rule itself, as follows:

"(a) That where a Federal right has been denied as the result of a finding of fact which it is contended there was no evidence whatever to support, and the evidence is in the record, the resulting question of law is open for decision; and

"(b) That where a conclusion of law as to a Federal right and finding of fact are so intermingled as to cause it to be essentially necessary, for the purpose of passing upon the Federal question, to analyze and dissect the facts,—to the extent necessary to do so the power exists as a ne-

cessary incident to a decision upon the claim of denial of the Federal right."

So, in the dissenting opinion in *Frank vs. Magnum*, 237 U. S. at 347, the rule is stated—

"When the decision of the question of fact is so interwoven with the decision of the question of constitutional right that the one necessarily involves the other, the Federal Court must examine the facts."

These cases cover the precise situation which we submit is presented in the case at bar, and are conclusive upon the right of this Court to "dissect" the undisputed facts appearing in this brief record.

Indeed, a substantial element is made up of written contracts, the construction of which becomes matter of law. The oral testimony is limited to less than 150 pages. *The application of the undisputed evidence* has, we submit, led the tribunals below into manifest error.

The full record of everything presented to either of the courts below relating to Producers Transportation Company is now before this Court, so that it is in the same position to test out the real rights involved as was each of the tribunals below.

Members of Agency DO transfer to Agency title to fuel oil produced by them. Plaintiff in error has in no wise changed its position upon this contention.

Under caption, "Members of Agency do not transfer to Agency title to oil produced by them" counsel for defendants in error, on page 20 of his brief, asserts,—contrary to the fact,—that counsel for plaintiff in error have shifted their ground and are now present-

ing a contention contrary to their contention in the proceedings below. On page 21 of his brief counsel says:

“We are surprised, however, to find the Company, in its brief filed with this Honorable Court, making the claim that it is transporting only oil actually owned by Independent Oil Producers Agency * * * which claim is directly contrary to the contention of the Company itself in the proceedings below.”

The learned counsel then proceeds to quote an isolated portion of a brief filed in the Supreme Court of California.

The contention made is without foundation in fact, as will clearly appear.

The portion of the brief referred to assumed that the court fully understood the nature of the Agency organization,—being a non-profit, mutual, co-operative corporation in which each stockholder owns but one share and in which the stockholder members each and all sign a written contract as a condition to membership which contains the following language: “*All deliveries shall be based upon the gauged capacity of the storage tanks of the producers and all petroleum shall immediately upon delivery be the property of, and the title thereto shall vest in, the Agency.*” (Tr. of Rec., p. 347.)

If this Court were interested in our state of mind, we might also properly express our “surprise” that learned counsel for defendants in error should charge us with here for the first time taking a position “directly contrary to the contention of the Company itself in the proceedings below.”

In the hearing before the Railroad Commission (Tr. of Rec., p. 485) counsel for "the Company itself" said:

"Mr. ANDREWS: I would suggest that, in connection with that question, the exhibits which have been filed by the Agency show that *the oil becomes the property of the Agency the instant it is run, and that it ceases to be the property of the producer*, and therefore the deal has now become a matter entirely between the pipe line company and the Agency * * * ."

On page 486 of the Transcript Mr. St. Clair, President of both companies, testified:

"COMMISSIONER EDGERTON: I suppose that the real foundation of Mr. Heney's question is what the attitude of the Transportation Company has been with regard to those, do they claim a lien? (referring to the lien provided in the individual contracts between the producer and the pipe line company.)

Mr. HENEY: Do you know whether they claim a lien under those or not?

"A. I couldn't answer that question. As I understand the purpose of your question I think I can maybe clear that up by saying that the agency handles this oil not under this individual contract. *The agency claims that from the moment that the oil is gauged in the gauge tank the title from that time vests in the agency; and the agency offers this oil to the transportation company under the contract which the agency has with the transportation company.*

"Q. What is the purpose of having the individual sign any contract with the pipe line company?

"A. Well, * * * there has always been a little question about the legality of our organiza-

tion; that is, it might be sometime attacked and it might be considered an organization in restraint of trade, and we might be dissolved and the pipe line company, in case this was attacked and dissolved and its contracts fail,—the pipe line company would have some contract—they wanted some contract *to guarantee to it that it would have this oil still.*" (Italics ours.)

And on page 477 of the Transcript, Commissioner Edgerton asked Mr. St. Clair whether the contracts with the individuals composing the Agency were being exercised at this time. He answered:

"No, the underlying contracts are not effective at this time.

"Q. It is being shipped under Agency contracts?

"A. Yes, sir."

The witness uses the word "effective" in the sense of "active."

On page 508, Mr. E. W. Clark, Manager of Producers Transportation Company, was asked:

"Q. At the present time are you operating the pipe line to its normal capacity?

"A. We are.

"Q. Whose oil are you handling?

"A. Independent Producers Agency."

This was the position taken upon the question of ownership and title before the Honorable Railroad Commission.

When we found that the Supreme Court of California had misconceived the entire Agency contract and the contracts between the two corporate units (In-

dependent Oil Producers Agency and Coalinga Oil Producers Agency) and Producers Transportation Company as the active and operating contracts and the contracts between the respective members of such agencies and the Producers Transportation Company, as security, in case for any reason the corporations should be dissolved,—we immediately filed in the Supreme Court of California our petition for rehearing (Tr. of Rec., p. 626) in which, under the heading, "Origin and Purposes of Independent Oil Producers Agency and Producers Transportation Company", we said:

"There is an evident misconception of the nature, origin and scope of the corporation known as Independent Oil Producers Agency and the relation of Producers Transportation Company to it. Doubtless this misconception is due in part to our assuming that these things were fully known and therefore that it was unnecessary to explain them." (Tr. 627.)

We then proceed, on pages 627 to 637, inclusive, to show from the Record, under the undisputed testimony, the origin, organization and character of Independent Oil Producers Agency and its contractual relations with its stockholder-members.

We also show the complete organization created and owned by the corporate unit known as Independent Oil Producers Agency, including the pooling of all the oil produced by the members of the Agency into one single ownership (that of the corporate unit); the exclusive control by the corporate unit of the pipe line facilities to transport this oil to tidewater under ten-year contract with Producers Transportation Company; the control of storage facilities and terminal facilities

owned by Union Oil Company of California and of ocean transportation and a disciplined selling organization under a ten-year contract with Union Oil Company of California.

On page 630 (Tr. of Rec.) we say:

"It has been, therefore, a mere matter of necessity—

"1. That no individual producer ever tendered any oil to this pipe line for transportation.

"2. That no oil except that owned by the Independent Oil Producers Agency was ever transported by this pipe line, or was ever offered to it for transport.

"3. That it was fully understood from the beginning that (so long as the corporate Agency should exist) no oil would or could be tendered, received, or transported except the oil owned by this corporate unit, the Independent Oil Producers Agency.

"It is clear that Independent Oil Producers Agency—so far from being a mere incident to Producers Transportation Company—is a large and substantial institution, *fully equipped as an owner, seller, shipper and storer of oil* in quantities, in competition with other large producers and marketers of oil. Its organization, however, is mutual and co-operative, and its stockholders receive the profit. As separate producers they could never have created this system. As co-operative stockholders, they are the sole owners, and no others are in position to enjoy these facilities without assuming like relations and burdens and obtaining the corporate consent and contract.

"All these facts quite fully appear, although in somewhat scattered form, from the record, and their very familiarity to counsel is the only excuse for not more clearly presenting them heretofore."
(Italics ours.)

We then proceed to show by the record that the ownership and control of the fuel oil of each member of the Agency is by a ten-year contract between such member and the Agency vested in the corporate unit and that such was the case when Producers Transportation Company was organized and the respective contracts upon the faith of which it was financed were made.

Indeed, we quoted in the petition for rehearing (Tr. of Rec., p. 632) the very statement concerning the title to and ownership of the oil which we have hereinbefore set out and followed the same by this language:

“Here is a precise statement of the reason for the contract between Producers Transportation Company and each individual member of the Agency, *and in practice these contracts have been held as security only and no oil has ever been delivered to the pipe line under any of them*; still, they are subsisting, binding contracts, without which the financing of the pipe line could not have been accomplished, and they may perchance become operating agreements. It was not expected that the event would occur making these contracts of importance for operating purposes.” (Tr., 633.) (Italics ours.)

And on page 634 we conclude this definite claim before the Supreme Court of California as follows:

“In the subsequent history of the Agency the corporate unit has at all times controlled, owned and sold the entire body of oil produced by all of its members, and its contract alone has been active with the pipe line company.”

How can learned counsel then say that we are now taking a position contrary to that taken in the courts below?

The record is full of uncontradicted testimony showing that the individual producer turns over his oil completely to the corporate unit and that the identity of the oil is lost and the control thereof, with full power to sell and dispose of the same, is lodged for ten years in the corporation. Of course, this corporation is in turn controlled by its stockholders. The individual producer's oil is not sold separately and the producer simply gets his pro rata proportion derived from the sale of all oil from the common mass.

Mr. St. Clair shows that all the oil is in fact handled, controlled and, for all purposes of transportation, owned by the corporate unit.

Misleading quotation from Mr. St. Clair's testimony.

The brief for defendants in error on *page 22*, quotes a small fragment of the testimony of Mr. St. Clair. This is incomplete and misleading.

Of course the contracts are in evidence and speak for themselves,—and the “sale contract” which each producer must sign with the Agency (Tr. of Rec., p. 346) requires the producer—

“to deliver to said Agency for sale by it all petroleum produced from said land * * * during said period of ten years * * * . All deliveries shall be based upon the gauge capacity of the storage tanks of the Producer *and all petroleum shall immediately upon delivery be the property of, and the title shall vest in, the Agency.*” (Italics ours.)

Mr. St. Clair also testifies:

"Q. Were you connected with the formation of the agency originally?

"A. No sir.

"Q. What do you understand to be the purpose of the organization called the 'Agency'?

"A. *I understand the purpose of the agency is to market the production of its associated members to the best advantage possible.*

"Q. What led to the forming of the organization? What was the purpose of getting together?

"A. *The purpose of getting together was to put together sufficient production so that you would be able to interest capital in the building of a pipe line, be able to get that oil to market without the intervention of another marketing company and another pipe line company or the railroads; in other words it was to secure to the members of the agency the advantages of co-operation and joint trading.*" (Tr. Rec., 446.)

"Q. Does the Producers Transportation Company convey oil for persons other than this agency?

"A. No. (Tr. Rec., 451.)

"Q. That we may have the history of the organization of this company before the Commission, I wish to ask Mr. St. Clair to state, in narrative form if he will, the facts leading up to the organization of the company and in connection with the organization of the company, and preliminary to that, the conditions that obtained in the oil fields in Kern and Fresno counties leading to the organization of the agencies, and then down to the present time. I think that probably will save the time of the Commission.

"A. During the year 1904 several oil producing companies organized themselves into the Independ-

ent Oil Producers Agency for the purpose of better handling their product, of obtaining transportation to the markets therefor, and of putting themselves into a position to make long time contracts for large volumes of oil. At the time of the organization of the agencies, which I might say was composed of producers operating in the Kern River field, the only means of reaching the market was either through the pipe lines of one or the other of the marketing companies or by the railroad, and inasmuch as the cars and the service of the railroad was inadequate for the purpose, the producer was compelled to sell his product to one or the other of the marketing companies. At that time the price of oil was about 11 cents, 11 2/3 cents, per barrel. The agency was organized in 1904 and shortly thereafter made a contract with the Associated Oil Company. When that had expired another contract was entered into, and so on. (Tr. Rec., 453.)

“MR. ANDREWS: What was the nature of that contract? (referring to contract between the producer and Pipe Line Company)

“A. The nature of that contract—it was a contract whereby the producer agreed and obligated himself to deliver all the oil produced upon his land to the promoters of this pipe line for a period of 10 years.

“MR. HENNEY: Were they bound to take it all?

“A. They were bound to take all the oil up to the capacity of their pipe line.

“MR. HENNEY: And could he sell the balance if they didn't take it all from him?

“A. Well, I don't know as I could answer that. That is a legal matter, I rather suppose, but I guess that if the Producers Transportation could not take it that it would be possible for him to sell it. *However, you understand all this property was*

covered by an agency contract and the agency controlled it." (Tr. Rec., 456-457.)

"Mr. ANDREWS: What was the estimated expense of the pipe line that was proposed to be constructed in connection with the Union Oil Company and Agency agreement?

"A. About \$3,500,000; but as a matter of fact, the line cost in excess of that.

"Q. About what was the total cost of it?

"A. The total cost of that line was about \$5,500,000. (Tr. Rec., 459.)

"Mr. ANDREWS: *From the time the pipe line began operations in 1910, whose oil has it transported, and for whom has it transported oil?*

"A. *The Agency's oil, the oil under the control of the agency.*

"Mr. ANDREWS: We have stated in the answer that in the practical operations of the pipe line no oil was taken from the individual agency members under these contracts, since they were all members of the agency and their oil was delivered to the agency, and that the dealings have all been between the Independent Oil Producers Agency on the one part and the pipe line company on the other part. That is correct is it?

"A. Yes sir. (Tr. Rec., 462.)

"Q. Under the marketing agreement, Mr. St. Clair, what, if any, contracts—I do not mean by name, but in amount of oil required—have been taken to be filled by the agency or from the agency production?

"A. Contracts involving the ultimate delivery of approximately 50,000,000 barrels, a ratable delivery of about one and a half million a month now, monthly delivery.

"Q. And are there stated periods of delivery and stated amounts to be delivered?

"A. There are, yes sir; contracts are taken for a period of time, calling for minimum and maximum quantities.

"Q. And how are those deliveries required to be made in respect to amount and time; are you required to make a delivery of so much a month, or so much a week, or how is that,—the usual contract?

"A. So much a month.

"Q. And over what period of time do these contracts extend?

"A. Approximately five years; there are some contracts running 5 years; the majority of them would not extend over probably 3 years, but there is a number of them though that extend 4, 5 or 6 years, one or two I think that are for 7 years.

"Q. In the marketing of oil, is it necessary to secure—enter into contracts that run over a period of time for the delivery of oil?

"A. It is quite necessary, particularly with a new customer: he will not convert his equipment to oil unless he is assured of a long time supply; take it, for instance, in South America, it is impossible to write a contract there under 5 years; they usually demand 10 years. (Tr. Rec., 463-464.)

"Mr. ANDREWS: As a practical proposition to the marketing of oil, is it or is it not necessary for the seller to have the certainty of delivery, to know that he certainly can deliver it, the amount of oil contracted at the time specified?

"A. To be sure he is taking quite a risk unless he knows where he is to get the oil to fill the contract which is taken for a period of years and for great quantities. (Tr. Rec., 474.)

"COMMISSIONER EDGERTON: You testified this morning that the agency had a contract with the Producers Company for the shipment of oil, marketing of oil; that in addition to the individuals

composing the agency or the individual companies, had a contract with the Producers Transportation Company for shipping oil; but I believe it was not stated—I have forgotten whether it was or not—that the contracts with individuals were not being exercised at this time?

“A. No, the underlying contracts are not effective at this time.

“COMMISSIONER EDGERTON: *It is being shipped under agency contracts?*”

“A. Yes sir. (Tr. Rec., 477-478.)

“COMMISSIONER EDGERTON: I am speaking of the oil going through this pipe line; the oil of the Union Oil Company that goes through the pipe line goes through as the oil of other agency members goes through, that is, it is put in the general tanks?

“A. Yes sir. All of the Union Oil Company oil of the character of the agency oil goes right in with the agency oil and its identity is lost. (Tr. Rec., 481.)

“*The agency claims that from the moment that the oil is gauged in the gauge tank the title from that time vests in the agency; and the agency offers this oil to the transportation company under the contract which the agency has with the transportation company.*

“Q. What is the purpose of having the individual sign any contract with the pipe line company?

“A. Well, the purpose, as I understand—I might be in error as to this—there has always been a little question about the legality of our organization; that is, it might be some time attacked and it might be considered an organization in restraint of trade and we might be dissolved, and the pipe line company, in case that this was attacked and dissolved and its contracts failed—the pipe line company would have some contract—they

want some contract to guarantee to it that it would have this oil still." (Tr. Rec., 486.) (Italics ours in all of above.)

Authorities cited by defendant in error regarding contracts with public utilities are not applicable because they assume the question in issue, to wit, that Producers Transportation Company is, and, when the contracts were made, was a common carrier.

We submit that the fact that Producers Transportation Company was organized to take over and perform an existing ten-year contract to transport oil for a single mutual corporation, at a fixed rate, and that it has never handled a barrel of oil save under this contract, and that its full capacity is thereby consumed, conclusively shows that this pipe line company was neither conveying oil "to or for the public".

The contracts with the individual members of this mutual corporation were intended as security only and could not become operative so long as the corporate unit exists.

The *individual* parts with his oil and vests the ownership and control in the mutual corporation, and in return is entitled to his pro rata proportion of the net returns from *all agency oil sold, by whomsoever produced*.

The pipe line was financed and its bonds marketed on the faith of these contracts.

The whole matter was private in its inception. The Agency's oil was received *from* the Agency corporation at one end of the line and delivered *to* the Agency corporation at the other end. The *public* was not involved. *Thus the contracts themselves show the private character of the business.*

These contracts are property. Their obligation cannot be impaired by any subsequent state law or any construction thereof.

So great an authority as Mark Requa testified—

“Q. Would the Producers Transportation Company’s pipe line have been justified in building into those fields if it had not secured the pipe line contracts, *tied to the land*, that it did secure, or something as good?

“A. No, *emphatically no*.

“Q. And in your judgment *could it have financed itself otherwise?*

“A. *Not under any condition.*” (Tr. of Rec., p. 558.) (Italics ours.)

And yet these contracts, made before the company itself was created, are treated as *proof* that the pipe line company was *actually serving the public*, and are now,—under the decision of the Supreme Court of California,—the subject of the rate making power as though *originally made with a common carrier*. Thus is *their obligation impaired*.

Respectfully submitted,

LEWIS W. ANDREWS,
THOMAS O. TOLAND,
A. V. ANDREWS,
PAUL M. GREGG,
Attorneys for Plaintiff in Error.